



Stock Code:  
1587

# 吉茂精密股份有限公司

Cryomax Cooling System Corp.

## 2023 Annual General Meeting of Shareholders

### Meeting Handbook

**Convening method: Physical meeting**

**June 2, 2023**

**Location: Conference Room, 2F, No. 3, Gongqu 6th Road, Houliao Village, Fangyuan Township, Changhua County**

----- Disclaimer -----

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

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**Cryomax Cooling System Corp.**  
**Agenda for the 2023 Annual General Meeting of**  
**Shareholders**

1. Announcing the opening of the meeting
  
2. The chair in position
  
3. Speech by the chair
  
4. Itemd for reporting
  
5. Items for recognition
  
6. Extempore motion
  
7. Meeting adjourned

# **Cryomax Cooling System Corp.**

## **Agenda of the 2023 Annual General Meeting of Shareholders**

Convening method: Physical meeting

Time: 10:00 am, June 2 (Fri.), 2023

Location: Conference Room, 2F, No. 3, Gongqu 6th Road, Houliao Village, Fangyuan Township, Changhua County

1. Announcing the opening of the meeting (reporting the number of attending shares)
2. The chair in position
3. Speech by the chair
4. Items for reporting:
  - (1) 2022 annual business report.
  - (2) Audit report of the Audit Committee for 2022.
  - (3) Report on the distribution of surplus earnings for 2022.
  - (4) Report on the distribution of employees and directors remuneration of 2022.
5. Items for recognition:
  - (1) 2022 business report and financial statements.
  - (2) Proposal on distribution of surplus earnings of 2022.
6. Extempore motion
7. Meeting adjourned

## Items for Reporting

Proposal 1 (submitted by board of directors)

Reason: Submit the 2022 business report for verification.

Description: 1. For the Company's 2022 annual business report, please refer to pages 7-14 of this Manual.

2. To be reported by Chairman LIU, YEN-TI.

Proposal 2 (submitted by board of directors)

Reason: Submit the Audit report of the Audit Committee for 2022 for verification.

Description: Please refer to page 15 of this Manual for the 2022 Audit Report of Audit Committee.

Proposal 3 (submitted by board of directors)

Reason: Submit the report on the distribution of surplus earnings of 2022 for verification.

Description: According to the Articles of Incorporation of the Company, the board of directors is authorized to reach a resolution to distribute the surplus earnings in cash after the end of each half of the fiscal year. The Company's board of directors has reached a resolution to distribute cash dividends for each half of the fiscal year of 2022. The amount and distribution date are as follows:

2022 (Note)	Approval Date (MM/DD/YYYY)	Distribution Date (MM/DD/YYYY)	Cash Dividends per Share (NT\$)	Total Cash Dividends (NT\$)
H1	August 10, 2022	N/A	N/A	0
H2	March 23, 2023	June 30, 2023	1	68,624,449
Total			1	68,624,449

Note: For the surplus earnings of the Company for the first half of 2022, in order to preserve the Company's working capital, was resolved by the board of directors not to be distributed.

Proposal 4 (submitted by board of directors)

Reason: Submit the report on the distribution of employees and directors remuneration of 2022 for verification.

Description: 1. Prepared based on Article 26 of the Articles of Incorporation.

2. The Company's net income of 2022 was NT\$182,004,393 before deducting the distribution of employees and directors remuneration (both NT\$5,460,193), no difference from the estimated employees remuneration of NT\$5,460,193 and directors remuneration of NT\$5,460,193.

## Items for recognition

Proposal 1 (submitted by board of directors)

Reason: Submit the business report and financial statements of 2022 for recognition.

Description: 1. The Company's 2022 financial statements (including balance sheet, comprehensive income statements, statements of changes in equity, and cash flow statements) have been audited by CPAs LIU, MEI-LAN and HUNG, SHU-HUA from PwC Taiwan.

2. Please refer to pages 7-14 and pages 16-37 of this Manual for the business report, CPA verification report and financial statements.

Resolution:

Proposal 2 (submitted by board of directors)

Reason: Submit the proposal of distribution of surplus earnings of 2022 for recognition.

Description: 1. The Company's undistributed surplus earnings at the beginning of 2022 was NT\$35,858,010. The adjustment of retained earnings in 2022 was NT\$5,052,229. The adjusted undistributed surplus earnings were NT\$40,910,239. Net income of 2022 was NT\$137,605,502. According to the Company's Articles of Incorporation, 10% of the legal reserve of NT\$14,265,773 shall be allocated, and the special reserve reversed was NT\$39,021,368. The distributable surplus earnings were NT\$203,271,336. Hence, it is proposed to distribute a cash dividend of NT\$1 per share with a total amount of NT\$68,624,449, and the undistributed surplus earnings at the end of the period was NT\$134,646,887.

2. Please refer to page 38 of this Manual for the surplus earnings distribution of 2022.

3. The cash dividends are calculated according to the distribution ratio up to the single digit of the New Taiwan Dollar, rounded up any amount less than NT\$1, and the total fractional amount less than NT\$1 will be included in the other income of the Company.

4. In the event of relevant matters requiring to be changed due to actual needs, amended laws, or necessary changes approved by the competent authority, it is proposed to authorize the board of directors to solely handle such changes.

Resolution:

**Extempore motion**

**Meeting adjourned**



# Cryomax Cooling System Corp.

## 2022 Business Report

Dear Shareholders,

First of all, we would like to welcome you to attend this year's shareholders' meeting despite your busy schedules. On behalf of the Company, we would like to express our highest gratitude to all shareholders for the support. The following is the report on the Company's 2022 business operating results and future prospects.

### 1. 2022 Business Report

#### (1) Business results

Unit: NT\$1,000

Profit and Loss (Individual Financial Statements)	2022	2021	Increase/ Decrease	Change (%)
Net operating income	1,800,057	1,741,384	58,673	3.37
Operating cost	1,600,440	1,517,922	82,518	5.44
Unrealized sales benefits	(7,610)	(3,178)	(4,432)	139.46
Net operating gross profits	192,007	220,284	(28,277)	(12.84)
Operating expenses	133,922	132,834	1,088	0.82
Operating benefits	58,085	87,450	(29,365)	(33.58)
Non-operating income and expenses	112,998	40,670	72,328	177.84
Pre-tax income	171,083	128,120	42,963	33.53
Income tax expense	33,478	25,643	7,835	30.55
Net profit for the period	137,605	102,477	35,128	34.28

Unit: NT\$1,000

Profit and Loss (Consolidated Financial Statements)	2022	2021	Increase/ Decrease	Change (%)
Net operating income	2,535,296	2,353,243	182,053	7.74
Operating cost	1,945,906	1,821,592	124,314	6.82
Unrealized sales benefits	589,390	531,651	57,739	10.86
Net operating gross profits	423,032	374,925	48,107	12.83

Operating expenses	166,358	156,726	9,632	6.15
Non-operating income and expenses	29,613	(6,407)	36,020	(562.20)
Pre-tax income	195,971	150,319	45,652	30.37
Income tax expense	58,366	47,842	10,524	22.00
Net profit for the period	137,605	102,477	35,128	34.28

(2) Budget implementation

The Company has not prepared a public financial forecast of 2022, so it is not applicable.

(3) Income and expense

Unit: NT\$1,000

Items (Individual Financial Statements)	2022	2021	Amount of Change
Net cash inflow (outflow) from operating activities	98,605	(49,556)	148,161
Net cash inflows (outflows) from investing activities	34,868	(6,234)	41,102
Net cash flow (outflow) from financing activities	(46,829)	52,162	(98,991)

Unit: NT\$1,000

Items (Consolidated Financial Statements)	2022	2021	Amount of Change
Net cash inflow (outflow) from operating activities	366,719	19,803	346,916
Net cash inflows (outflows) from investing activities	(146,161)	(105,264)	(40,897)
Net cash flow (outflow) from financing activities	(95,740)	67,485	(163,225)

(4) Profitability Analysis

Year			
Analytical Items (Individual Financial Statements)		2022	2021
Return on Assets (%)		5.60	4.38
Return on Shareholders' Equity (%)		10.24	7.94
Ratio of paid-in capital (%)	Operating Income	8.46	12.74
	Earnings before Taxes	24.93	18.67
Net Profit Margin (%)		7.64	5.88
EPS (NT\$)		2.01	1.49

Year			
Analytical Items (Consolidated Financial Statements)		2022	2021
Return on Assets (%)		5.02	3.96
Return on Shareholders' Equity (%)		10.24	7.94
Ratio of paid-in capital (%)	Operating Income	24.24	22.84
	Earnings before Taxes	28.55	21.90
Net Profit Margin (%)		5.42	4.35
EPS (NT\$)		2.01	1.49

#### (5) R&D Progress

Due to the trend of environmental protection and the rise of electric vehicles, automobile manufacturers have successively developed low-carbon emission internal combustion engines, changed the fuel supply system, and reduced the delay time of idle speed or increased the turbine, etc. These designs are different from the past. The demand for radiator is large and more precise. How to effectively meet the radiator requirements of vehicles and effectively save production costs, and meet the requirements of various radiator systems for vehicles in harsh environments. The Company and the subsidiaries are committed to the R&D and production of automotive radiator systems, and we hereby list the important R&D achievements in 2022:

Year	R&D Results and Achievements
2022	1. Successful development of the RDHx server water-cooled system, which is suitable for server radiator water tanks. 2. Successful development of radiator water tanks for hybrid vehicles, which is suitable for hybrid gasoline-electric vehicles. 3. Successful development of EV vehicles radiator water tanks, which is suitable for cooling of vehicle inverter/battery.

(6) Future research projects and estimated investment costs

1. R&D achievements and future R&D direction

The Company's major products are radiator water tanks for vehicles. In the future, the product lines will expand the development of radiator systems and air conditioning system components for vehicles, and we will continue to develop and improve the radiator water tanks.

(1) External oil-cooled tube

External oil radiator and external transmission fluid radiator are suitable for refitting and sales service markets, and can meet various customization needs. In response to hotter climate, using external oil-cooled tubes can provide higher transmission efficiency, avoid high-temperature oil film deterioration and loss of protection, and extend the service life of engine cylinders and gearboxes.

(2) High-performance radiator water tank

By adopting the basis of DENSO water tanks, we develop a lightweight and miniaturized water tank, which is suitable for global vehicle radiator water tanks. We study the radiator units to adjust the material characteristics, and by combining with the advantages of self-made water pipes, we are expecting to increase the space for heat dissipation by 30%, and the efficiency by 10% compared with conventional water tanks. Such specifications can realize lightweight and miniaturization, and increase the degree of freedom of the engine room.

(3) Air conditioning system for vehicles - Condenser

The development of vehicle air conditioning system condensers can be integrated with water tanks and fans to develop modules to improve development efficiency and precision.

(4) Heat exchanger for vehicles - Multifunctional water tanks

Based on the development of various types of electric vehicles, new concepts for radiator modules have also emerged, and the multifunctional water tank for hybrid vehicles that combines engine radiators, inverter radiators, and power motors has emerged as the times require. Compared with independent inverter radiators, the multifunctional water tank can save vehicle space, features a simple structure and saves assembly man-hours, and is able to improve efficiency in production lines.

(5) Electric vehicle battery radiator- Water-cooled plate water tank

Based on the existing process equipment, we utilize software for preliminary calculation to develop and verify the reliability of the cooler that meets the environmental requirements.

(6) Electronic cloud server heat exchange - Water-cooled water tanks or condenser radiators

To meet the needs of electronics factories, we introduce existing process capabilities and develop radiator conditions that satisfy customer needs.

## 2. R&D Projects

The technology research and development of Taiwan integrates Jiwang Mold Factory and Nanjing Factory, and adopts the simultaneous development strategy of technology R&D and patent analysis layout. By the analysis of patents and market-related information before research and development, the correlation between research and development topics and potential markets is improved, and the information analysis is adopted to interpret the informatization and automation of the R&D design process for improving R&D efficiency. DENSO technology is able to improve and develop high-

performance radiator water tanks, oil-electric hybrid multi-functional radiator water tanks, and the long-term expansion and development of vehicle component layout and radiator system integration research and development, and the estimated investment in research and development in the next year will account for about 2% to 4% of revenue.

Items	R&D Projects
Radiator Water Tank	Develop lightweight, miniaturized, high-performance cooling water tanks, and multi-functional radiator water tanks for hybrid vehicles
Transmission oil-cooled system	Developed external ATF transmission oil radiator
Air-conditioning cooling system	Develop condenser products
EV cooling system	Develop battery radiator products
Electronic cloud server cooling system	Develop customized water-cooled or condenser products

## 2. 2023 Business Plan

### (1) Business Policy

1. Consolidate existing market customers, continue to support financially stable and developmental partners, and create common growth.
2. Actively develop the market to win more customer orders, and expand revenue scale and market share.
3. Layout plans to establish the third production base in Mexico, which is close to the major market.
4. Improve the production efficiency and production capacity of existing factories to meet customer needs.
5. The group manages as a whole, plans the production of each factory, flexibly allocates the inventory of each factory, and shortens the delivery time for customers.

## (2) Expected sales volume and basis

1. Estimated sales volume: The Company has not issued the public financial forecasts.

Our estimated sales volume is based on the market overview forecast and the assessment of customer potential in 2022. It is expected that the achievement of sales volume target for 2023 will be optimistic.

2. Basis: Based on the Company's expected goals while considering changes in the overall industry, the prediction is carried out for market demand and external economic prosperity.

## (3) Important production and sales policies

1. Focus on quality management and provide customers with the best products and services.

2. Continuously optimize and improve the process and equipment, increase output and production efficiency, and create profits.

3. Implement the production model of the performance system and expand production capacity to meet customer needs.

4. Promote the third production base to mitigate production risks.

## 3. Company's future development strategies and impact from external competitive environment, regulatory environment and overall economic environment

We are always focusing on the production and sales of automotive water tanks and components in the field of heat radiator, continuing to meet the product needs of existing customers, and constantly obtaining orders from new customers. With years of manufacturing experience and consistent production and manufacturing models, we are more competitive in terms of quality and cost control, which allows us to accumulate good reputation. In the past year, although we have gradually recovered from the impact of the COVID-19 epidemic, the interference of unfavorable external factors such as the Ukrainian-Russian war and inflation and interest rate hikes came without any delay.

Thanks to our flexible planning of production capacity support of factories in both mainland China and Taiwan, we satisfied customer product demands and reached an annual revenue growth of 8% in 2022 compared to the one in 2021; in terms of profitability, we performed well among the industry, and the annual earnings per share reached NT\$2.01.

As 2023 unfolds, we are still affected by global measures to curb inflation and interest rate hikes and customer inventory adjustments. Under the uncertainty of economic growth and market demand, we will continue to utilize our excellent and flexible organizational adaptability and good production management system to satisfy existing customer orders and actively expand market share. In terms of compliance with the regulations, we strictly comply with the requirements of local laws and regulations, and constantly focus on the implementation and control of legal changes. With professional division of labor of the Company's management team and the sound and effective internal control system, we can ensure our compliance with government laws and regulations.

Last but not least, we would like to thank all the shareholders for taking time from your busy schedules to attend this shareholders meeting. Please continue to give us support and advice to the Company's management team. On behalf of all the colleagues in the Company, we would like to express our sincere gratitude and wish you all a healthy and prosperous life.

Cryomax Cooling System Corp.

Chairman: LIU, YEN-TI



## Audit Report of the Audit Committee

The board of directors has prepared the Company's 2022 annual business report, financial statements, and surplus earnings distribution proposal. Among them, the financial statements have been audited by CPAs LIU, MEI-LAN and HUNG, SHU-HUA from PwC Taiwan appointed by the board of directors, and an Audit Report is hereby issued.

The above-mentioned business report, financial statements, and surplus earnings distribution proposal have been reviewed by the Committee, and it is confirmed that there is no discrepancy. Hence, the Committee hereby issues the Audit Report in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

Cryomax Cooling System Corp. 2023 Annual General Shareholders' Meeting

Chair of Audit Committee: Yan, Wen-Jyh

March 23, 2023

CPA Audit Report

(2023) Tsai-shen-bao-zi No. 22003315

To: Cryomax Cooling System Corp.

## **Audit Opinions**

Cryomax Cooling System Corp.'s parent company only financial statement of December 31 of 2022 and 2021, the parent company only comprehensive income statement, parent company only statement of changes of equity, and parent company only cash flow statement from January 1 to December 31 of 2022 and 2011 and the notes to the parent company only financial statements (including the summary of major accounting policies) have been audited by the CPA of the Firm.

According to the opinions of the CPA, the above-mentioned parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, which are sufficient to express the parent company only financial status of Cryomax Cooling System Corp. on December 31, 2022 and 2021, and parent company only financial performance and parent company only cash flow from January 1 to December 31 in 2022 and 2021.

## **Basis for Audit Opinions**

The CPA performs the audit work in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The CPA's responsibilities under these standards will be further explained in the section on the CPA's responsibilities for reviewing and auditing parent company only financial statements. The personnel of the accounting firm the CPA affiliates have maintained detached independence from Cryomax Cooling System Corp. in accordance with the professional code of ethics for CPA of the Republic of China, and have fulfilled other responsibilities of the code. The CPA believes that sufficient and appropriate audit evidence as a basis for expressing the audit opinions has been obtained.

## **Key Items for Auditing**

Key audit items refer to the most important items in the audit of the 2022 parent company only financial statements of Cryomax Cooling System Corp. based on the professional judgment of CPA. These matters have been treated in the process of reviewing and auditing the parent company only financial statements as a whole and forming audit opinions, and the CPA does not express independent opinions on these matters.

The key audit items of Cryomax Cooling System Corp.'s parent company only financial statements in 2022 are as follows:

## **Correctness of Sales Revenue Cut-off**

### Descriptions

For the accounting policy of sales revenue, please refer to Note 4(23) of the parent company only financial statements; for the description of accounting items for sales revenue, please refer to Note 6(16) of the parent company only financial statements, and the daily operating revenue in the parent company only financial statement from January 1 to December 31, 2022 is NT\$1,800,057,000.

The Company's revenue comes from the manufacture and sale of products related to metal water tanks for various vehicles. The sales to customers involve different types of transaction conditions. The sales to customers are based on the transaction conditions agreed by individual customers and the transfer of control of the goods is confirmed after shipment, and revenue is recognized. In particular, whether the control of the shipped products has been transferred to the buyer in accordance with the agreed transaction conditions before the end of the reporting period will affect the financial statement period to which the sales revenue belongs. The above-mentioned matters also exist in the subsidiaries held by Cryomax Cooling System Corp., and the accounts are listed as investments using the equity method. Therefore, the CPA believes that the correctness of the cut-off of sales revenue is one of the most important matters in the audit of this fiscal year.

### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. The internal control of Cryomax Cooling System Corp. at the time of recognition of sales revenue has been understood and evaluated, and the effectiveness of such control has been tested.
2. Perform cut-off test for sales transactions within a certain period before and after the end date of the financial reporting period to evaluate the correctness of the timing of revenue recognition.

## **Appraisal of Loss from Valuation of Inventory Allowance**

### Descriptions

For the accounting policy of inventories, please refer to Note 4(11) of the parent company only financial statements; for the key accounting estimates and assumptions of inventory evaluation, please refer to Note 5(2) of the parent company only financial statements; for the description of inventory accounting items, please refer to Note 6 (5) to the parent company only financial statements. On December 31, 2022, the cost of inventory and the balance of allowance appraisal losses are NT\$395,314,000 and NT\$11,918,000, respectively.

Cryomax Cooling System Corp. mainly manufactures and sells metal water tanks for various vehicles. Considering the service life of vehicles and the small-in-quantity but diverse features of products in the after-sales service market, the Company needs to prepare sufficient inventory in order to gain market share, resulting in a higher risk of inventory depreciation loss or obsolescence. Its various inventories are measured by costs and net realizable value (whichever is lower), which are assessed for normal wear and tear, obsolescence or changes in sales prices, and the loss of price reduction is provided accordingly. The above-mentioned matters also exist in the subsidiaries held by Cryomax Cooling System Corp., and the accounts are listed as investments using the equity method. Because the estimation of the net realizable value of the inventory is considered, and the adjustment of obsolete inventory exceeding the age of the specified period involves the subjectivity of the management level, judging and assessing the amount of inventory allowance appraisal loss has a significant impact on the financial statements, so the CPA lists the inventory allowance appraisal loss as one of the most important matters for the audit of this fiscal year.

### Procedures for Auditing

The major auditing procedures performed by the CPA are as follows:

1. Understand and evaluate the rationality of Cryomax Cooling System Corp.'s inventory evaluation policy.
2. Review Cryomax Cooling System Corp.'s annual inventory plan and participate in the annual inventory actions to evaluate the effectiveness of the management's division and control of obsolete inventory.
3. Obtain the statement used to evaluate the net realizable value of the inventory, verify the completeness of the statement and test the correctness of the net realizable value and related calculations, and then evaluate the rationality of Cryomax Cooling System Corp.'s decision to provide allowance for price decrease losses.
4. Obtain the inventory age report to check the relevant supporting documents of the date of the inventory change, and confirm that the classification of the inventory age range is correct and consistent with its policy.

### **Responsibilities of Management Level and Governing Units for Parent Company Only Financial Statements**

The responsibilities of the management level are to prepare financial statements that are reasonably expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control related to preparation of consolidated financial statements related to ensure that there is no material misrepresentation in the consolidated financial statements due to fraud or error.

When preparing the financial statements, the responsibilities of the management level also include assessing the ability of Cryomax Cooling System Corp. in terms of going-concern, the disclosure of related matters, and the adoption of accounting basis for the going-concern, unless the management level intends to liquidate Cryomax Cooling System Corp. or cease operations, or that except for liquidation or suspension there is no other alternative practically available.

Governing units (including the Audit Committee) of Cryomax Cooling System Corp. are

responsible for supervising the financial reporting process.

## **Responsibilities of CPAs to Audit Parent Company Only Financial Statements**

The purpose of CPA's review and audit of the parent company only financial statements is to obtain reasonable assurance as to whether there are material misrepresentations in the parent company only financial statements as a whole resulting from fraud or error, and to issue an audit report. Reasonable certainty is of high degree of certainty, but the audit work performed in accordance with the ROC Audit Standards do not warrant that it will be able to detect material misrepresentations in parent company only financial statements. Misrepresentation may result from fraud or error. Misrepresentation of individual amounts or aggregate amounts is considered material if it can reasonably be expected to affect economic decisions made by users of parent company only financial statements.

The CPA adopts professional judgment and skepticism when auditing in accordance with the ROC Audit Standards. The CPA also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of parent company only financial statements due to fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Because fraud may involve collusion, forgery, willful omissions, misrepresentations, or the violation of internal controls, and hence, the risk of failing to detect the material misrepresentation resulting from fraud is higher than those resulting from error.
2. Obtain the necessary understanding of the internal control related to the audit, so as to design the appropriate audit procedures under the circumstances, but the purpose is not to express opinions on the effectiveness of the internal control of Cryomax Cooling System Corp.
3. Assess the appropriateness of the accounting policies adopted by the management level, and the reasonableness of the accounting estimates and relevant disclosures made.
4. Based on the audit evidence obtained reach conclusions on the appropriateness of the management level to adopt the going-concern accounting basis, and whether there are major uncertainties in events or circumstances that may cast significant doubt on the ability of going concern of Cryomax Cooling System Corp. If the CPA believes that there are major uncertainties in such events or situations, he/she shall remind the users of parent company only financial statements to pay additional attention to the relevant disclosures in the parent company only financial statements in the audit report, or revise the audit opinions when the disclosures are inappropriate. The CPA's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Cryomax Cooling System Corp. to lose the ability of going concern.
5. Assess the overall presentation, structure and content of parent company only financial statements (including relevant notes), and whether parent company

only financial statements are appropriate to express relevant transactions and events.

6. Obtain sufficient and appropriate audit evidence for the financial information of the individual constituents of Cryomax Cooling System Corp. to express opinions on the parent company only financial statements. The CPA is responsible for the guidance, supervision and execution of individual audit cases, and is responsible for forming audit opinions on parent company only financial statements.

The matters communicated by the CPA with the governing unit include the planned scope and time of the audit, as well as major audit findings (including significant deficiencies in internal control identified during the audit).

The CPA also provides the governing unit with the statement that the personnel of the accounting firm that is subject to independence regulations have complied with the independence statement in the professional code of ethics for certified public accounts of the Republic of China, and communicates with the governing unit all relationships that may be considered to affect the independence of the CPA and other matters (including relevant protective measures).

From the matters communicated with the governing unit, the CPA hereby decided the key items for auditing the 2022 parent company only financial statements of Cryomax Cooling System Corp. The CPA states these matters in the audit report, unless the law does not allow disclosure of specific matters, or under extremely rare circumstances, the CPA may determine not to communicate specific matters in the audit report since the negative effects of such communication can be reasonably expected to outweigh the public interest promoted.

PwC Taiwan

LIU, MEI-LAN

CPAs

HUNG, SHU-HUA

FSC

License Number: Jin Guan Zheng Shen Zi

No. 1070323061

Former Securities Management

Commission of Ministry of Finance

License Number: (85) Tai Cai Zheng (6) No. 68701

March 23, 2023

Cryomax Cooling System Corp.  
Parent Company Only Financial Statements  
December 31, 2022 and 2021

Unit: NT\$1,000

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current Assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 252,937	9	\$ 149,110	6
1110	Current Financial Assets at Fair Value	6(2)				
	through Profit or Loss		13,925	1	18,236	1
1150	Net notes receivable	6(3)	41,111	2	38,331	1
1170	Net receivable	6(3)	169,735	6	151,470	6
1180	Receivable—Net of related parties	7(2)	68,827	3	59,975	2
1210	Receivable—Related parties	7(2)	56,538	2	104,408	4
130X	Inventory	6(4)	383,396	14	417,493	16
1470	Other current assets		11,094	-	21,101	1
11XX	<b>Total Current Assets</b>		<u>997,563</u>	<u>37</u>	<u>960,124</u>	<u>37</u>
<b>Non-current Assets</b>						
1550	Investments accounted for using equity method	6(5)	1,219,579	44	1,093,261	42
1600	Property, plant and equipment	6(6), 7(2) and 8	486,374	18	496,705	19
1780	Intangible Assets		696	-	891	-
1840	Deferred income tax assets	6(22)	22,653	1	38,072	2
1900	Other non-current assets		952	-	7,849	-
15XX	<b>Total Non-current Assets</b>		<u>1,730,254</u>	<u>63</u>	<u>1,636,778</u>	<u>63</u>
1XXX	<b>Total Assets</b>		<u>\$ 2,727,817</u>	<u>100</u>	<u>\$ 2,596,902</u>	<u>100</u>

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Cryomax Cooling System Corp.  
Parent Company Only Financial Statements  
December 31, 2022 and 2021

Unit: NT\$1,000

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current Liabilities</b>						
2100	Short-term debt	6(8) and 8	\$ 876,000	32	\$ 744,866	29
2110	Short-term notes and bills payable	6(8)	49,852	2	135,945	5
2130	Current contract liabilities	6(16)	7,426	-	6,244	-
2150	Notes payable		-	-	240	-
2170	Accounts payable		34,593	1	45,423	2
2180	Accounts payable-Related parties	7(2)	72,695	3	43,986	2
2200	Other accounts payable	6(9)	82,735	3	86,280	3
2220	Other accounts payable-Related parties	7(2)	10,017	-	6,497	-
2230	Current tax liabilities		2,605	-	16,799	1
2320	Long term liabilities due within one year	6(11)	22,183	1	22,187	1
2399	Other current liabilities	6(10)(16)	20,148	1	36,875	1
21XX	<b>Total Current Liabilities</b>		<u>1,178,254</u>	<u>43</u>	<u>1,145,342</u>	<u>44</u>
<b>Non-current liabilities</b>						
2540	Long-term debt	6(11) and 8	91,246	4	113,441	4
2570	Deferred income tax liabilities	6(22)	53,878	2	38,588	1
2600	Other non-current liabilities	6(12)	4,999	-	13,143	1
25XX	<b>Total Non-current Liabilities</b>		<u>150,123</u>	<u>6</u>	<u>165,172</u>	<u>6</u>
2XXX	<b>Total Liabilities</b>		<u>1,328,377</u>	<u>49</u>	<u>1,310,514</u>	<u>50</u>
Shareholder equity						
Share capital						
3110	Capital - common stock	6(13)	686,244	25	686,244	26
Additional Paid-In Capital						
3200	Additional Paid-In Capital	6(14)	376,078	14	376,078	15
Retained Earnings						
3310	Legal reserve	6(15)	119,582	4	109,230	4
3320	Special reserve		89,317	3	78,087	3
3350	Undistributed surplus earnings		178,515	7	126,066	5
Other Equity						
3400	Other equity		( 50,296)	( 2)	( 89,317)	( 3)
3XXX	<b>Total Equity</b>		<u>1,399,440</u>	<u>51</u>	<u>1,286,388</u>	<u>50</u>
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 2,727,817</u>	<u>100</u>	<u>\$ 2,596,902</u>	<u>100</u>

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIUM YEN-TI

Accounting Chief: HSU, NAI-LONG



Cryomax Cooling System Corp.  
Parent Company Only Comprehensive Income  
Statement

Unit: NT\$1,000  
(NT\$1 for EPS)

January 1 to December 31, 2022 and 2021

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Revenue	6(16) and 7(2)	\$ 1,800,057	100	\$ 1,741,384	100
5000 Operating costs	6(4)(21) and 7(2)	( 1,600,440)	( 89)	( 1,517,922)	( 87)
5900 Gross profit		199,617	11	223,462	13
5910 Unrealized gain from sale		( 7,610)	-	( 3,178)	-
5950 Net gross profit		192,007	11	220,284	13
Operating expenses	6(21) and 7(2)				
6100 Selling expenses		( 52,504)	( 3)	( 59,181)	( 4)
6200 Management expenses		( 66,361)	( 4)	( 57,909)	( 3)
6300 R&D expenses		( 15,057)	( 1)	( 15,744)	( 1)
6000 Total operating expenses		( 133,922)	( 8)	( 132,834)	( 8)
6900 Operating income		58,085	3	87,450	5
Non-operating income and expense					
7100 Interest revenue	6(17)	2,378	-	2,830	-
7010 Other revenue	6(18)	4,144	1	5,825	-
7020 Other gains and losses	6(19)	37,098	2	2,001	-
7050 Financial costs	6(20)	( 14,403)	( 1)	( 10,017)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6(5)	83,781	5	40,031	2
7000 Total non-operating income and expenses		112,998	7	40,670	2
7900 <b>Pre-tax income</b>		171,083	10	128,120	7
7950 Income tax	6(22)	( 33,478)	( 2)	( 25,643)	( 1)
8200 <b>Net income</b>		\$ 137,605	8	\$ 102,477	6
<b>Other comprehensive income</b>					
<b>Components of other</b>					
<b>comprehensive income that will</b>					
<b>not be reclassified to profit or loss</b>					
8311 Defined benefits plans remeasured	6(12)	\$ 6,313	-	\$ 1,301	-
8349 Income tax related to components of other comprehensive income that will not be Reclassified	6(22)	( 1,263)	-	( 260)	-
8310 Total items that will not be reclassified to profit or loss		5,050	-	1,041	-
<b>Components of other</b>					
<b>comprehensive income that will be</b>					
<b>reclassified to profit or loss</b>					
8361 Exchange differences on translation of foreign financial statements		37,471	2	( 8,696)	( 1)
8380 Share of other comprehensive profit or loss of subsidiaries, affiliates and joint ventures recognized using the equity method – Items that may be reclassified to profit or loss		11,305	1	( 5,342)	
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	( 9,755)	( 1)	2,808	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		39,021	2	( 11,230)	( 1)
8300 <b>Other comprehensive income</b>		\$ 44,071	2	\$ 10,189	( 1)
8500 <b>Comprehensive income of the current period</b>		\$ 181,676	10	\$ 92,288	5
EPS					
9750 Basic		\$ 2.01		\$ 1.49	
9850 Diluted		\$ 2.00		\$ 1.49	

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIUM YEN-TI

Accounting Chief: HSU, NAI-LONG

Cryomax Cooling System Corp.  
Individual Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	<u>APIC</u>				<u>Retained Earnings</u>		Earnings Exchange Differences on Translation of Foreign Financial Statements	Total Equity	
		Common Stock Capital	Common Stock in Excess of Par	Treasury Stock Trading	Others	Legal Reserve	Special Reserve			Undistributed Surplus
<u>2021</u>										
Balance as of January 1, 2021		\$ 653,566	\$ 353,570	\$ 4,790	\$ 17,718	\$ 91,994	\$ 75,234	\$ 173,350	(\$ 78,087)	\$ 1,292,135
Net income of 2021		-	-	-	-	-	-	102,477	-	102,477
Other comprehensive income of 2021		-	-	-	-	-	-	1,041	( 11,230 )	( 10,189 )
Comprehensive income of the current period		-	-	-	-	-	-	103,518	( 11,230 )	92,288
Surplus earnings distribution for 2020:	6(15)									
Legal reserve		-	-	-	-	17,236	-	( 17,236 )	-	-
Special reserve		-	-	-	-	-	2,853	( 2,853 )	-	-
Cash dividends		-	-	-	-	-	-	( 98,035 )	-	( 98,035 )
Stock dividends		32,678	-	-	-	-	-	( 32,678 )	-	-
Balance as of December 31, 2021		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	(\$ 89,317)	\$ 1,286,388
<u>2022</u>										
Balance as of January 1, 2022		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	(\$ 89,317)	\$ 1,286,388
Net income of 2022		-	-	-	-	-	-	137,605	-	137,605
Other comprehensive income of 2022		-	-	-	-	-	-	5,050	39,021	44,071
Comprehensive income of the current period		-	-	-	-	-	-	142,655	39,021	181,676
Surplus earnings distribution for 2021:	6(15)									
Legal reserve		-	-	-	-	10,352	-	( 10,352 )	-	-
Special reserve		-	-	-	-	-	11,230	( 11,230 )	-	-
Cash dividends		-	-	-	-	-	-	( 68,624 )	-	( 68,624 )
Balance as of December 31, 2022		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 178,515	(\$ 50,296)	\$ 1,399,440

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIU, YEN-TI

Accounting Chief: HSU, NAI-LONG

Cryomax Cooling System Corp.  
Individual Cash Flow Statement  
January 1 to December 31, 2022 and 2021

Unit: 1,000

	Notes	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Operating Cash Flow</u>			
Pre-tax income of the current period		\$ 171,083	\$ 128,120
Adjusted items			
Adjustments to reconcile profit (loss)			
Depreciation Expense	6(6)(21)	28,412	27,075
Amortization Expense	6(21)	213	99
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(19)	( 11,649 )	2,342
Interest expense	6(20)	14,403	10,017
Interest income	6(17)	( 2,378 )	( 2,830 )
Dividend income	6(18)	( 174 )	( 564 )
Share of profit (loss) of associates, affiliates and joint ventures accounted for using equity method	6(5)	( 83,781 )	( 40,031 )
Disposal of interests in property, plant and equipment	6(19)	( 1,415 )	( 2,475 )
Unrealized Profit on Intercompany Sales		7,610	3,178
Gains and losses of unrealized foreign currency exchange		1,764	1,222
Effects of changes in foreign exchange rates		( 17,183 )	2,946
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities Mandatorily at Fair Value through Profit or Loss		15,960	( 8,778 )
Net notes receivable		( 2,780 )	9,005
Net accounts receivable		( 36,678 )	( 25,017 )
Accounts receivable - Net of related parties		( 10,046 )	( 5,664 )
Other accounts receivable - Net of related parties		708	1,037
Inventory		34,097	( 107,704 )
Other current assets		10,046	( 1,119 )
Other non-current assets		494	( 494 )
Net change in liabilities related to operating activities			
Contract liabilities		1,182	( 10,169 )
Notes payable		( 240 )	( 30 )
Accounts payable		( 10,264 )	( 1,701 )
Accounts payable-Related parties		( 29,691 )	( 9,259 )
Other payable		( 1,325 )	( 8,970 )
Other payable-Related parties		2,708	340
Other current liabilities		-	646
Other non-current liabilities		( 1,830 )	( 1,843 )
Cash inflow (outflow) generated from operations		138,628	( 40,621 )
Interest received		2,339	2,830
Dividend received		174	564
Interest paid		( 14,554 )	( 9,597 )
Income tax paid		( 27,982 )	( 2,732 )
Net cash flows from (used in) operating activities		98,605	( 49,556 )

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Cryomax Cooling System Corp.  
Individual Cash Flow Statement  
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

<u>Notes</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investment activities</u>		
Investments accounted for using equity method	(\$ 76 )	\$ -
Acquisition of property, plant and equipment	6(24) ( 18,666 )	( 34,090 )
Disposal of property, plant and equipment	5,470	46
Increase in refundable deposit	( 277 )	( 569 )
Decrease in refundable deposit	565	243
Other receivables - Decrease in related parties	47,870	29,126
Acquisition of intangible assets	( 18 )	( 990 )
Cash provided by (used in) investing activities	<u>34,868</u>	<u>( 6,234 )</u>
<u>Cash flow from finance activities</u>		
Increase in short-term loans	6(25) 367,075	961,615
Decrease in short-term loans	6(25) ( 237,081 )	( 763,887 )
Increase in short-term notes and bills payable	6(25) -	29,900
Decrease in short-term bills payable	( 86,000 )	-
Repayments of long-term debt	6(25) ( 22,199 )	( 77,431 )
Cash dividends paid	6(15) ( 68,624 )	( 98,035 )
Net cash (outflow) inflow from finance activities	( 46,829 )	52,162
Effect of exchange rate changes on cash and cash equivalents	17,183	( 2,946 )
Net increase (decrease) in cash and cash equivalents	103,827	( 6,574 )
Cash and cash equivalents at beginning of period	6(1) 149,110	155,684
Cash and cash equivalents at end of period	6(1) \$ 252,937	\$ 149,110

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIU, YEN-TI

Accounting Chief: HSU, NAI-LONG

To: Cryomax Cooling System Corp.

## **Audit Opinions**

Cryomax Cooling System Corp. and subsidiaries (the Group) financial statement of December 31 of 2022 and 2021, the comprehensive income statement, statement of changes of equity, and cash flow statement from January 1 to December 31 of 2022 and 2021 and the notes to the financial statements (including the summary of major accounting policies) have been audited by the CPA of the Firm.

According to the opinions of the CPA, the above-mentioned parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, which are sufficient to express the financial status of the Group on December 31, 2022 and 2021, and financial performance and cash flow from January 1 to December 31 in 2022 and 2021.

## **Basis for Audit Opinions**

The CPA performs the audit work in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The CPA's responsibilities under these standards will be further explained in the section of the CPA's responsibilities for reviewing and auditing financial statements. The personnel of the accounting firm the CPA affiliates have maintained detached independence from the Group in accordance with the professional code of ethics for CPA of the Republic of China, and have fulfilled other responsibilities of the code. The CPA believes that sufficient and appropriate audit evidence as a basis for expressing the audit opinions has been obtained.

## **Key Items for Auditing**

Key audit items refer to the most important items in the audit of the 2022 financial statements of the Group based on the professional judgment of CPA. These matters have been treated in the process of reviewing and auditing the financial statements as a whole and forming audit opinions, and the CPA does not express independent opinions on these matters.

The key audit items of the Group's financial statements in 2022 are as follows:

### **Correctness of Sales Revenue Cut-off**

#### Descriptions

For the accounting policy of sales revenue, please refer to Note 4(24) of the parent company only financial statements; for the description of accounting items for sales revenue, please refer to Note 6(17) of the parent company only financial statements, and the daily operating revenue in the parent company only financial statement from January 1 to December 31, 2022 is NT\$2,535,296,000.

The Group's revenue comes from the manufacture and sale of products related to metal water tanks for various vehicles. The sales to customers involve different types of transaction conditions. The sales to customers are based on the transaction conditions agreed by individual customers and the transfer of control of the goods is confirmed after shipment, and revenue is recognized. In particular, whether the control of the shipped products has been transferred to the buyer in accordance with the agreed transaction conditions before the end of the reporting period will affect the financial statement period to which the sales revenue belongs. Therefore, the CPA believes that the correctness of the cut-off of sales revenue is one of the most important matters in the audit of this fiscal year.

#### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. The internal control of the Group at the time of recognition of sales revenue has been understood and evaluated, and the effectiveness of such control has been tested.
2. Perform cut-off test for sales transactions within a certain period before and after the end date of the financial reporting period to evaluate the correctness of the timing of revenue recognition.

### **Appraisal of Loss from Valuation of Inventory Allowance**

#### Descriptions

For the accounting policy of inventories, please refer to Note 4(12) of the financial statements; for the key accounting estimates and assumptions of inventory evaluation, please refer to Note 5(2) of the financial statements; for the description of inventory accounting items, please refer to Note 6(4) to the financial statements. On December 31, 2022, the cost of inventory and the balance of allowance appraisal losses are NT\$956,401,000 and NT\$36,132,000 respectively.

The Group mainly manufactures and sells metal water tanks for various vehicles. Considering the service life of vehicles and the small-in-quantity but diverse features of products in the after-sales service market, the Company needs to prepare sufficient inventory in order to gain market share, resulting in higher risk of inventory depreciation loss or obsolescence. Its various inventories are measured by costs and net realizable value (whichever is lower), which are assessed for normal wear and tear, obsolescence or changes in sales prices, and the loss of price reduction is provided accordingly. Because the estimation of the net realizable value of the inventory is considered, and the adjustment of obsolete inventory exceeding the age of the specified period involves the subjectivity of the management level, judging and assessing the amount of inventory allowance appraisal loss has a significant impact on the financial

statements, so the CPA lists the inventory allowance appraisal loss as one of the most important matters for the audit of this fiscal year.

### Procedures for Auditing

The major auditing procedures performed by the CPA are as follows:

1. Understand and evaluate the rationality of the Group's inventory evaluation policy.
2. Review the Group's annual inventory plan and participate in the annual inventory actions to evaluate the effectiveness of the management's division and control of obsolete inventory.
3. Obtain the statement used to evaluate the net realizable value of the inventory, verify the completeness of the statement and test the correctness of the net realizable value and related calculations, and then evaluate the rationality of the Group's decision to provide allowance for price decrease losses.
4. Obtain the inventory age report to check the relevant supporting documents of the date of the inventory change, and confirm that the classification of the inventory age range is correct and consistent with its policy.

### **Miscellaneous- Parent Company Only Financial Statements**

Cryomax Cooling System Corp. has prepared parent company only financial statements for 2022 and 2021, and an audit report with an unqualified opinions issued by the CPA of the Firm is prepared for reference.

### **Responsibilities of Management Level and Governing Units for Financial Statements**

The responsibilities of the management level are to prepare financial statements that are reasonably expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Notes approved and issued by the Financial Supervisory Commission, and to maintain necessary internal control related to preparation of consolidated financial statements related to ensure that there is no material misrepresentation in the consolidated financial statements due to fraud or error.

When preparing the financial statements, the responsibilities of the management level also include assessing the ability of the Group in terms of going-concern, the disclosure of related matters, and the adoption of accounting basis for the going-concern, unless the management level intends to liquidate the Group or cease operations, or that except for liquidation or suspension there is no other alternative practically available.

Governing units (including the Audit Committee) of the Group are responsible for supervising the financial reporting process.

### **Responsibilities of CPAs to Audit Financial Statements**

The purpose of CPA's review and audit of the financial statements is to obtain reasonable assurance as to whether there are material misrepresentations in the financial statements as a whole resulting from fraud or error, and to issue an audit report. Reasonable certainty is of high degree of

certainty, but the audit work performed in accordance with the ROC Audit Standards do not warrant that it will be able to detect material misrepresentations in financial statements. Misrepresentation may result from fraud or error. Misrepresentation of individual amounts or aggregate amounts is considered material if it can reasonably be expected to affect economic decisions made by users of financial statements.

The CPA adopts professional judgment and skepticism when auditing in accordance with the ROC Audit Standards. The CPA also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of financial statements due to fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Because fraud may involve collusion, forgery, willful omissions, misrepresentations, or the violation of internal controls, and hence, the risk of failing to detect the material misrepresentation resulting from fraud is higher than those resulting from error.
2. Obtain the necessary understanding of the internal control related to the audit, so as to design the appropriate audit procedures under the circumstances, but the purpose is not to express opinions on the effectiveness of the internal control of the Group
3. Assess the appropriateness of the accounting policies adopted by the management level, and the reasonableness of the accounting estimates and relevant disclosures made.
4. Based on the audit evidence obtained reach conclusions on the appropriateness of the management level to adopt the going-concern accounting basis, and whether there are major uncertainties in events or circumstances that may cast significant doubt on the ability of going concern of the Group. If the CPA believes that there are major uncertainties in such events or situations, he/she shall remind the users of parent company only financial statements to pay additional attention to the relevant disclosures in the parent company only financial statements in the audit report, or revise the audit opinions when the disclosures are inappropriate. The CPA's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to lose the ability of going concern.
5. Assess the overall presentation, structure and content of financial statements (including relevant notes), and whether financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the individual constituents of the Group to express opinions on the financial statements. The CPA is responsible for the guidance, supervision and execution of individual audit cases, and is responsible for forming audit opinions on financial statements.

The matters communicated by the CPA with the governing unit include the planned scope and time of the audit, as well as major audit findings (including significant deficiencies in internal control identified during the audit).

The CPA also provides the governing unit with the statement that the personnel of the accounting firm that is subject to independence regulations have complied with the independence statement in the professional code of ethics for certified public accounts of the Republic of China, and communicates with the governing unit all relationships that may be considered to affect the independence of the CPA and other matters (including relevant protective measures).

From the matters communicated with the governing unit, the CPA hereby decided the key items for auditing the 2022 financial statements of the Group. The CPA states these



matters in the audit report, unless the law does not allow disclosure of specific matters, or under extremely rare circumstances, the CPA may determine not to communicate specific matters in the audit report since the negative effects of such communication can be reasonably expected to outweigh the public interest promoted.

PwC Taiwan

LIU, MEI-LAN

CPAs

HUNG, SHU-HUA

FSC

License Number: Jin Guan Zheng Shen Zi

No. 1070323061

Former Securities Management

Commission of Ministry of Finance

License Number: (85) Tai Cai Zheng (6) No. 68701

March 23, 2023

Cryomax Cooling System Corp. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: NT\$1,000

	Assets	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current Assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 544,846	17	\$ 379,997	12
1110	Current Financial Assets at Fair Value	6(2)				
	through Profit or Loss		13,925	1	18,236	1
1150	Net notes receivable	6(3)	49,998	2	50,130	2
1170	Net receivable	6(3)	281,919	9	275,356	9
1180	Receivable— Net of related parties	7(2)	81,011	3	61,779	2
130X	Inventory	6(4)	920,269	29	952,711	31
1470	Other current assets	6(5)	38,728	1	53,917	2
11XX	<b>Total Current Assets</b>		<u>1,930,696</u>	<u>62</u>	<u>1,792,126</u>	<u>59</u>
<b>Non-current Assets</b>						
1600	Property, plant and equipment	6(6) and 8	982,674	31	979,243	32
1755	Right-of-use assets	6(7) and 8	147,071	5	177,770	6
1840	Deferred income tax assets	6(23)	46,249	1	60,690	2
1900	Other non-current assets		22,311	1	16,577	1
15XX	<b>Total Non-current Assets</b>		<u>1,198,305</u>	<u>38</u>	<u>1,234,280</u>	<u>41</u>
1XXX	<b>Total Assets</b>		<u>\$ 3,129,001</u>	<u>100</u>	<u>\$ 3,026,406</u>	<u>100</u>

(Continued to Next Page)

Cryomax Cooling System Corp. and Subsidiaries  
Consolidated Balance Sheet

Unit: NT\$1,000

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current Liabilities</b>						
2100	Short-term debt	6(8) and 8	\$ 926,475	30	\$ 800,258	27
2110	Short-term notes and bills payable	6(9)	49,852	2	135,945	5
2130	Current contract liabilities	6(17)	13,727	1	14,928	1
2150	Notes payable		3,273	-	5,948	-
2170	Accounts payable		226,765	7	187,738	6
2180	Accounts payable-Related parties	7(2)	3,646	-	5,470	-
2200	Other accounts payable	6(10)	162,452	5	159,642	5
2220	Other accounts payable-Related parties	7(2)	9,078	-	4,066	-
2230	Current tax liabilities		5,275	-	32,213	1
2280	Lease liabilities—Current		37,952	1	34,457	1
2320	Long term liabilities due within one year	6(12)	31,393	1	28,419	1
2399	Other current liabilities	6(11)(17)	21,990	1	38,432	1
21XX	<b>Total Current Liabilities</b>		<u>1,491,878</u>	<u>48</u>	<u>1,447,516</u>	<u>48</u>
<b>Non-current liabilities</b>						
2540	Long-term debt	6(12) and 8	93,548	3	123,827	4
2570	Deferred income tax liabilities	6(23)	48,726	1	33,944	1
2580	Non-current lease liabilities		90,410	3	121,588	4
2600	Other non-current liabilities	6(13)	4,999	-	13,143	-
25XX	<b>Total Non-current Liabilities</b>		<u>237,683</u>	<u>7</u>	<u>292,502</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>1,729,561</u>	<u>55</u>	<u>1,740,018</u>	<u>57</u>
Shareholder equity						
Share capital						
3110	Capital - common stock	6(14)	686,244	22	686,244	23
Additional Paid-In Capital						
3200	Additional Paid-In Capital	6(15)	376,078	12	376,078	13
Retained Earnings						
3310	Legal reserve	6(16)	119,582	4	109,230	4
3320	Special reserve		89,317	3	78,087	2
3350	Undistributed surplus earnings		178,515	6	126,066	4
Other Equity						
3400	Other equity		( 50,296)	( 2)	( 89,317)	(
3XXX	<b>Total Equity</b>		<u>1,399,440</u>	<u>45</u>	<u>1,286,388</u>	<u>43</u>
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 3,129,001</u>	<u>100</u>	<u>\$ 3,026,406</u>	<u>100</u>

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: LIU-YEN-TI

Manager: LIU, YEN-TI

Accounting Chief: HSU, NAI-LONG

Cryomax Cooling System Corp. and Subsidiaries  
Comprehensive Income Statement  
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000  
(NT\$1 for EPS)  
2021

Items	Notes	2022		2021	
		Amount	%	Amount	%
<b>Current Liabilities</b>					
4000	Revenue				
	6(17) and 7				
	(2)	\$ 2,535,296	100	\$ 2,353,243	100
5000	Operating costs	( 1,945,906)	( 77)	( 1,821,592)	( 78)
5900	Gross profit	<u>589,390</u>	<u>23</u>	<u>531,651</u>	<u>22</u>
	Operating expenses				
	6(22) and 7(2)				
6100	Selling expenses	( 245,777)	( 10)	( 226,089)	( 10)
6200	Management expenses	( 116,529)	( 4)	( 102,057)	( 4)
6300	R&D expenses	( 60,726)	( 2)	( 46,779)	( 2)
6000	Total operating expenses	<u>( 423,032)</u>	<u>( 16)</u>	<u>( 374,925)</u>	<u>( 16)</u>
6900	Operating income	<u>166,358</u>	<u>7</u>	<u>156,726</u>	<u>6</u>
	Non-operating income and expense				
7100	Interest revenue	1,673	-	1,399	-
7010	Other revenue	14,811	1	10,416	1
7020	Other gains and losses	34,341	1	( 4,739)	-
7050	Financial costs	( 21,212)	( 1)	( 13,483)	( 1)
7000	Total non-operating income and expenses	<u>29,613</u>	<u>1</u>	<u>( 6,407)</u>	<u>-</u>
7900	<b>Pre-tax income</b>	<u>195,971</u>	<u>8</u>	<u>150,319</u>	<u>6</u>
7950	Income tax	( 58,366)	( 3)	( 47,842)	( 2)
8200	<b>Net income</b>	<u>137,605</u>	<u>5</u>	<u>102,477</u>	<u>4</u>
	<b>Other comprehensive income</b>				
8311	Defined benefits plans remeasured	6,313	-	\$ 1,301	-
8349	Income tax related to components of other comprehensive income that will not be reclassified	( 1,263)	-	( 260)	-
8310	Total items that will not be reclassified to profit or loss	<u>5,050</u>	<u>-</u>	<u>1,041</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>48,776</u>	<u>(</u>	<u>14,038)</u>	<u>-</u>
8361	Exchange differences on translation of foreign financial statements	48,776	2	( 14,038)	-
8399	Income tax related to components of other comprehensive income that will be reclassified	( 9,755)	-	2,808	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	<u>39,021</u>	<u>2</u>	<u>( 11,230)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>\$ 44,071</u>	<u>2</u>	<u>(\$ 10,,189)</u>	<u>-</u>
8500	<b>Comprehensive income of the current period</b>	<u>\$ 181,676</u>	<u>7</u>	<u>\$ 92,288</u>	<u>4</u>
	Net profit attributable to:				
8610	Parent company	<u>\$ 137,605</u>	<u>5</u>	<u>\$ 102,477</u>	<u>4</u>
	Total comprehensive profit or loss attributable to:				
8710	Parent company	<u>\$ 181,676</u>	<u>7</u>	<u>\$ 92,288</u>	<u>4</u>
	EPS				
9750	Basic	<u>\$ 2.01</u>		<u>\$ 1.49</u>	
9850	Diluted	<u>\$ 2.00</u>		<u>\$ 1.49</u>	

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.  
Chairman: LIU-YEN-TI                      Manager: LIU, YEN-TI                      Accounting Chief: HSU, NAI-LONG

Cryomax Cooling System Corp. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	APIC				Retained Earnings		Earnings Exchange Differences on Translation of Foreign Financial Statements	Total Equity	
		Common Stock Capital	Common Stock in Excess of Par	Treasury Stock Trading	Others	Legal Reserve	Special Reserve			Undistributed Surplus
<u>2021</u>										
Balance as of January 1, 2021		\$ 653,566	\$ 353,570	\$ 4,790	\$ 17,718	\$ 91,994	\$ 75,234	\$ 173,350	(\$ 78,087)	\$ 1,292,135
Consolidated net income of 2021		-	-	-	-	-	-	102,477	-	102,477
Other comprehensive income of 2021		-	-	-	-	-	-	1,041	( 11,230)	( 10,189)
Comprehensive income of the current period		-	-	-	-	-	-	103,518	( 11,230)	92,288
Surplus earnings distribution for 2020:	6(16)									
Legal reserve		-	-	-	-	17,236	-	( 17,236)	-	-
Special reserve		-	-	-	-	-	2,853	( 2,853)	-	-
Cash dividends		-	-	-	-	-	-	( 98,035)	-	( 98,035)
Stock dividends		32,678	-	-	-	-	-	( 32,678)	-	-
Balance as of December 31, 2021		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	(\$ 89,317)	\$ 1,286,388
<u>2022</u>										
Balance as of January 1, 2022		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	(\$ 89,317)	\$ 1,286,388
Consolidated net income of 2022		-	-	-	-	-	-	137,605	-	137,605
Other comprehensive income of 2022		-	-	-	-	-	-	5,050	39,021	44,071
Comprehensive income of the current period		-	-	-	-	-	-	142,655	39,021	181,676
Surplus earnings distribution for 2021:	6(16)									
Legal reserve		-	-	-	-	10,352	-	( 10,352)	-	-
Special reserve		-	-	-	-	-	11,230	( 11,230)	-	-
Cash dividends		-	-	-	-	-	-	( 68,624)	-	( 68,624)
Balance as of December 31, 2022		\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 178,515	(\$ 50,296)	\$ 1,399,440

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIU, YEN-TI

Accounting Chief: HSU, NAI-LONG

Cryomax Cooling System Corp.  
and Subsidiaries

Consolidated Cash Flow Statement

January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Operating Cash Flow</u>			
Pre-tax income of the current period		\$ 195,971	\$ 150,319
Adjusted items			
Adjustments to reconcile profit (loss)			
Depreciation Expense	6(6)(22)	140,825	130,555
Depreciation Expense-Right-of-use asset	6(7)(22)	39,280	32,720
Amortization Expense	6(22) 6(2)(20)	235	118
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		( 11,649 )	2,342
Interest expense	6(21)	16,197	11,161
Interest expense - Lease liability	6(7)(21)	5,015	2,322
Interest income	6(18)	( 1,673 )	( 1,399 )
Dividend income	6(22)	( 174 )	( 564 )
Disposal of interests in property, plant and equipment	6(20)	( 226 )	( 1,645 )
Gains and losses of unrealized foreign currency exchange		1,643	( 2,750 )
Changes in assets/liabilities related to operating activities		15,960	12,929
Net change in assets related to operating activities			
Mandatorily at Fair Value through Profit or Loss			
Notes receivable		132	15,736
Accounts receivable		( 8,249 )	( 46,413 )
Accounts receivable - Net of related parties		( 21,035 )	( 29,489 )
Inventory		32,442	( 201,850 )
Other current assets		15,189	( 4,044 )
Other non-current assets		482	( 494 )
Net change in liabilities related to operating activities			
Contract liabilities		( 1,201 )	( 12,810 )
Notes payable		( 2,675 )	1,722
Accounts payable		38,461	( 9,024 )
Accounts payable-Related parties		( 1,824 )	3,734
Other payable		13,601	( 5,131 )
Other payable-Related parties		5,012	133
Other current liabilities		( 16,442 )	8,234
Other non-current liabilities		( 1,831 )	( 1,843 )
Cash inflow generated from operations		453,466	54,569
Interest received		1,673	1,399
Dividend received		174	564
Interest paid		( 21,153 )	( 10,721 )
Income tax paid		( 67,441 )	( 27,634 )
Income tax returned		-	1,626
Net cash flows from operating activities		366,719	19,803

(Continued to Next Page)

Cryomax Cooling System Corp. and Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from investment activities</u>			
Acquisition of property, plant and equipment	6(25)	(\$ 161,617)	(\$ 111,496)
Disposal of property, plant and equipment		16,995	7,548
Increase in refundable deposit		( 1,521)	( 569)
Decrease in refundable deposit		-	243
Acquisition of intangible assets		( 18)	( 990)
Cash flows from investing activities		<u>( 146,161)</u>	<u>105,264</u>
<u>Cash flow from finance activities</u>			
Increase in short-term loans	6(26)	447,390	1,073,088
Decrease in short-term loans	6(26)	( 323,378 )	( 819,776 )
Increase in short-term notes and bills payable	6(26)	-	29,900
Decrease in short-term bills payable	6(26)	( 86,000 )	-
Repayments of long-term debt	6(26)	( 29,004 )	( 86,339 )
Payments of lease liabilities	6(7)(26)	( 36,124 )	( 31,353 )
Cash dividends paid	6(16)	( 68,624 )	( 98,035 )
Net cash (outflow) inflow from finance activities		<u>( 95,740 )</u>	<u>67,485</u>
Impact of exchange rate		<u>40,031</u>	<u>( 9,961 )</u>
Net increase (decrease) in cash and cash equivalents		<u>164,849</u>	<u>( 27,937 )</u>
Cash and cash equivalents at beginning of period	6(1)	<u>379,997</u>	<u>407,934</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 544,846</u>	<u>\$ 379,997</u>

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: LIU, YEN-TI

Manager: LIU, YEN-TI

Accounting Chief: HSU, NAI-LONG

**Cryomax Cooling System Corp.**  
**Table for Distribution of Surplus Earnings**  
**FY2022**

Unit: NT\$

Undistributed surplus earnings at the beginning	\$ 35,858,010
Adjustment for 2022 retained earnings	5,052,229
Adjusted undistributed surplus earnings	40,910,239
Add: net income for the year	137,605,502
Less: Provision of legal reserve	(14,265,773)
Add: Special reserve reversed	<u>39,021,368</u>
Surplus earnings for distribution	<u>\$ 203,271,336</u>

## Items for Distribution:

## Shareholder Bonus:

Cash Dividend (NT\$1 per share) (68,624,449)

(68,624,449)Undistributed surplus earnings at the end of the period \$ 134,646,887

## Notes;

1. The cash dividends are calculated according to the distribution ratio up to NT\$1, rounded up any amount less than NT\$1, and the total fractional amount less than NT\$1 will be included in other income of the Company.
2. In the event of relevant matters requiring to be changed due to actual needs, amended laws or necessary changes approved by the competent authority, it is proposed to authorize the board of directors to solely handle such changes.

Chairman: LIU, YEN-TI    Manager: LIU, YEN-TI    Accounting Chief:  
HSU, NAI-LONG



## **Cryomax Cooling System Corp.**

### **Rules of Procedure for Shareholders Meetings**

I. Purpose: These procedures for the shareholders meetings of the Company shall be governed by these Rules, unless otherwise stipulated by laws or regulations.

II. Contents:

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders meeting in person. Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

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

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders or proxy may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the and sign-in cards

handed in, and the shares checked in on the virtual meeting platform.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. If the Company adopts the system that shareholders can exercise their voting rights in written or electronic means, the number of attending shares shall be added to the number of shares that exercise the voting rights in written or electronic means in accordance with regulations.

The Company shall prepare the shareholders meeting handbook and supplemental meeting materials for the current shareholders' meeting within the specified time and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby. When convening a video-assisted shareholders' meeting, it shall be distributed at the site of the shareholders' meeting and sent to the video conference platform as an electronic file. When convening a video conference, the electronic file shall be sent to the video conference platform. For hybrid shareholders meetings, the materials shall be distributed on-site at the meeting and shared on the virtual meeting platform. For virtual-only shareholders meetings, the electronic files shall be shared on the virtual meeting platform.

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

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders

meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals of that shareholders meeting.

(4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.
2. Attendance at shareholders meetings shall be calculated based on numbers of shares.
3. Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

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

4. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at

least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

The convening of a general meeting of shareholders shall be notified to all shareholders in accordance with the Articles of Incorporation and relevant laws and regulations.

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

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
6. The company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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

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

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

7. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall reach a tentative resolution of the meeting based on Article 175, Paragraph 1 of the Company Act. In the event of a virtual shareholders meeting, the Company shall also reach a tentative resolution of the meeting based on Article 1. When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

8. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. When a meeting is in progress, the chair may announce a break based on time considerations. If a force

majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

9. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
10. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
11. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declared the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 8 and 9 do not apply.

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

12. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
13. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

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

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

announced immediately.

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

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

14. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes
15. Except as otherwise provided in the Company Act and the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Except for the proposals listed in the agenda, other proposals proposed by shareholders or amendments or substitutions to the original proposal shall be seconded by other shareholders, and the shareholding of the proposer and the representative of the seconder shall reach at least 1% of the total number of voting rights of the issued shares or one hundred thousand shares.

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

In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

16. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which it will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
17. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
18. In the event of force majeure during the meeting, the chair may announce the suspension of the meeting or choose another date for convening the meeting.
19. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

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

20. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder based on relevant laws. The meeting minutes may be produced and distributed in electronic form.

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

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

When convening a virtual-only shareholder meeting, other than compliance with the



requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

21. In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

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

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be

counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For 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 the second paragraph.

22. When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
23. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

### III. Implementation and Amendment:

1. These Rules shall come into force after being passed by the shareholders' meeting, and the same applies when they are amended.
2. Formulated on June 29, 2004.
  - 1<sup>st</sup> amendment on June 23, 2009.
  - 2<sup>nd</sup> amendment on May 30, 2014.
  - 3<sup>rd</sup> amendment on June 3, 2016.
  - 4<sup>th</sup> amendment on April 18, 2017.
  - 5<sup>th</sup> amendment on May 28, 2020.
  - 6<sup>th</sup> amendment on July 15, 2021.
  - 7<sup>th</sup> amendment on May 27, 2022.

(CRYOMAX COOLING SYSTEM CORP. seal affixed)

(LIU, YEN-TI, Chairman of the Board, seal affixed)

## **CRYOMAX COOLING SYSTEM CORP.**

### **Articles of Incorporation**

#### Chapter I. General Provisions

Article 1 The name of the Company is 吉茂精密股份有限公司 in Chinese (CRYOMAX COOLING SYSTEM CORP. in English), and is incorporated in accordance with the provisions governing a company limited by shares of Company Act of the Republic of China (Taiwan).

Article 2 Range of business operation of the Company:

1. CC01030 Electrical appliances and audiovisual electronic products manufacturing.
2. CC01990 Manufacture of other electrical engineering and electronic machinery equipment
3. CD01030 Manufacture of automobiles and relative parts.
4. CE01030 Manufacture of optical instruments.
5. CE01990 Manufacture of other optical and precision instruments.
6. F113010 Wholesale of machinery.
7. F113020 Wholesale of electrical appliances.
8. F113990 Wholesale of other machinery and tools.
9. F114030 Wholesale of the parts and equipment for automobiles and motorcycles.
10. F199990 Other wholesale trade.
11. JA02990 Other repair.
12. F401010 International trade.
13. CQ01010 Mold and die manufacturing.
14. CB01010 Mechanical equipment manufacturing.
15. CB01990 Other machinery manufacturing.
16. CC01080 Electronic component manufacturing.
17. ZZ99999 All the business items that are not prohibited or restricted by law except those that are subject to special approval.

Article 3 The Company has the head office situated in Changhua County, Taiwan, and is permitted to establish branches or offices in the domestic and/or foreign

territories as necessary on the basis of the resolutions made by the board of directors and in conformity with the laws.

Article 4 The Company may, in response to business needs, act as a guarantor for other companies in compliance with the “Procedures of Endorsement for Guarantee” formulated by the Company.

Article 4-1 The Company may, under the resolution adopted by the board of directors, make investment in other companies, and the provision of Company Act Article 13 stipulating that the total amount of the investments made by a company in other companies shall not exceed forty percent of its own paid-in amount of capital stock shall not apply to the Company.

Article 4-2 The announcements of the Company shall be published at the MOPS by means of internet information system.

## Chapter II. Shares

Article 5 The authorized capital stock of the Company is one billion Taiwan dollars (TWD1,000,000,000) that is divided into 100,000,000 shares with a par value of ten Taiwan dollars (TWD10) per share and that shall be issued in installments by the board of directors as authorized depending on actual needs. An amount of thirty million Taiwan dollars (TWD30,000,000) shall be reserved from the authorized capital stock referred to in the preceding paragraph, and shall be divided into 3,000,000 shares with a par value of ten Taiwan dollars (TWD10) per share of which the share subscription warrants shall be issued to the employees of the Company in installments by the board of directors as authorized in accordance with Company Act and other applicable laws. .

Article 6 The Company shall only issue registered share certificates to which signature or personal seal of the Director representing the company shall be affixed and which shall be certified by the competent authority or a certifying agency authorized by the competent authority before issuance thereof. The Company is, pursuant to laws, eligible for delivery of the shares through book-entry transfer instead of physically printing share certificates, and the same shall apply to issuance of other securities.

Article 7 The Company shall handle the share affairs in compliance with the provisions of “Regulations Governing the Administration of Shareholder Services of Public Companies” in addition to other applicable laws.

### Chapter III. Shareholders’ Meeting

Article 8 There are two types of shareholders’ meetings in the Company including regular meeting and special meeting. The regular shareholders’ meeting shall be held once every year within six months after close of each fiscal year, and the notice to convene the meeting shall be given by the board of directors to each shareholder no later than 30 days prior to the scheduled meeting date. A special shareholders’ meeting may be convened pursuant to law from time to time as necessary, and the notice to convene the meeting shall be given by the board of directors to each shareholder no later than 15 days prior to the scheduled meeting date..  
When the Company's shareholders' meeting is convened, it may be held by virtual meeting or other means announced by the central competent authority.

Article 9 The Company shall fully comply with the share transfer prohibition period fixed in Company Act and prescribed by other relating laws.

Article 10 The shareholder who fails to attend the shareholders’ meeting in person may appoint a proxy to attend the meeting on his/her behalf by executing a written “Power of Attorney” in compliance with the provisions of “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” Under the circumstance that the power of attorney has been served on the Company and that the shareholder executing the said power of attorney intends to attend the shareholders' meeting in person or to exercise his/her voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company two days prior to the scheduled meeting date so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 11 Chairman of the board of directors shall preside the shareholders’ meetings. In the case that Chairman of the board is on leave or can not exercise his/her power and authority for any causes, a deputy may be designated pursuant to the

provisions of Article 208, Company Act. As for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 12 Each shareholder of the Company shall have one voting power in respect of each share in his/her possession except for those shares that have no voting power as specified in Paragraph 2 of Article 179, Company Act and other applicable laws. The Company shall adopt electronic transmission as one of the methods by which a shareholder may exercise his/her voting power. In other words, a shareholder may exercise his/her voting power in writing or by way of electronic transmission. The shareholder electronically exercising his/her voting power shall be deemed to be present in person, and the relating affairs shall be handled in accordance with the laws.

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

Article 14 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and handled in compliance with Article 183 of Company Act. In the event that the Company intends to cease the public issuance of the shares, a resolution of ceasing the public issuance made and adopted at the shareholders' meeting shall be required.

#### Chapter IV. Directors

Article 15 The Company shall have five to eleven directors (including the independent directors) who shall be elected under a candidate nomination system. The shareholders shall elect the directors from among the nominees listed in the roster of candidates. The election shall be conducted by way of registered cumulative voting. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of several candidates. A candidate to whom the ballots cast represent a prevailing

number of votes shall be deemed a director elected. The term of office of the directors shall be three years, and they may be eligible for re-election. Nominal holdings of the shares of all the directors shall have to fully comply with the requirements of the competent authority.

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

The Company may, through a resolution made by the board of directors, purchase liability insurance for the directors with respect to their liability for indemnity in terms of the scope of the business to be conducted by them during the term of office.

Article 15-1 The Company has established an audit committee in accordance with Article 14-4 of Securities and Exchange Act. The audit committee is composed of the entire number of independent directors. The provisions prescribed by the Company for the supervisors shall become inapplicable upon establishment of the audit committee. The audit committee or its members shall be responsible for performance of the supervisor's powers and functions stipulated by Company Act, Securities and Exchange Act and other laws.

Article 16 The aforementioned directors of the Company shall include not less than three independent director members, and not less than one-fifth of the director seats shall be held by independent directors.  
The professional qualification, shareholdings, method of nomination and election of the independent directors, and the concurrent serving restrictions on them, and other compliance matters shall be subject to the requirements of the competent authority in charge of securities.

Article 17 When the number of vacancies in the board of directors of the Company equals to one third of the total number of directors, the board of directors shall, within 60 days, call a special meeting of shareholders to elect succeeding directors to fill the vacancies for the remaining term of office of such vacancies.

Article 18 The board of directors, upon being duly organized by the directors, shall elect a Chairman of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors to conduct all business of the

Company in accordance with the laws and ordinances, the Articles of Incorporation and the resolutions adopted at the shareholders' meetings and the meetings of board of directors.

Article 19 Business operation policies and other important affairs of the Company shall be decided and executed fully in compliance with the resolutions adopted by the board of directors, except for those of which the decision shall be made through the resolutions of the shareholders' meeting as required by law. Meetings of the board of directors shall be convened and presided by the Chairman of the board, except for the first meeting of each term of the board of directors which shall be convened in conformity to the provisions of Article 203, Company Act. When Chairman of the board is unable to exercise his/her power and authority, he/she 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 an acting chairman of the board of directors. Moreover, in calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. Nonetheless, in the case of emergency, the meeting may be convened at any time. A Notice of the meetings of the board of directors may be given to each director in writing or by means of email or fax.

Article 20 Resolutions made at the meetings of the board of directors shall, unless otherwise provided for in Company Act, shall be adopted by a majority of the directors at a meeting attended by a majority of the directors of the Company. The director who fails to attend the meeting in person for any causes may appoint another director to attend the meeting on his/her behalf by executing and delivering a "power of attorney" expressly stating therein the scope of authority with respect to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to herein of one other director only. The director who participates in the meeting of the board of directors by means of visual communication network shall be deemed to have attended the meeting in person.

Article 21 Minutes shall be prepared of the discussions at the meeting of the board of directors and affixed with the signature or seal of the chairman of the meeting, and shall be distributed to all directors of the Company within twenty days after the close of the meeting. Distribution of the minutes may be effected by means of



electronic transmission. The particulars of the meeting shall be recorded in the minutes and the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept in accordance with the provisions of Article 207, Company Act.

Article 22 Each director of the Company shall be remunerated on the basis of the assessment and determination made by the board of directors as duly authorized by taking into account the extent of the director's involvement in the business operations of and the value of his/her contribution to the Company and also referring to the remuneration level of other domestic and overseas companies in the same trade.

#### Chapter V. Managerial Officers and Staff

Article 23 The Company may have managerial officers whose appointment, discharge and remuneration shall be determined in compliance with the provisions of Article 29, Company Act.

Article 24 General Manager and Vice General Manager shall preside the business of the Company in accordance with the resolutions made by the board of directors.

#### Chapter VI. Final Account

Article 25 At the close of each fiscal year, the board of directors of the Company shall prepare and submit the following statements and records for ratification at the regular shareholders' meeting:

1. the business report,
2. the financial statements, and
3. the proposals concerning earning distribution or deficit off-setting.

Earning distribution or deficit off-setting of the Company may be effected after the end of each half-year fiscal period.

The proposals of earning distribution or deficit off-setting referred to in the preceding paragraph shall, together with the business report and financial statements, firstly be forwarded to the Audit Committee for audit, and then be submitted to the board of directors for resolutions.

Article 26 Profit of the Company, if any, in the current year shall be set aside by 1% minimum but 5% maximum to be distributed as compensation to the employees, and 5% maximum to be allocated as remuneration for the directors. However, the amount enough to cover the Company's accumulated deficits, if any, shall be reserved prior to the appropriation of the aforesaid employees' compensation and the directors' remuneration.

Such employees' compensation referred to in the preceding paragraph shall be distributed by the issue of shares or in cash. The employees qualified for the compensation distribution may include those of the subsidiaries of the Company who meet certain specific qualification requirements, such as rank, performance and others, decided by the board of directors.

Article 27 As of the final account at the close of each fiscal year, the net earnings of the Company shall be allocated according to the following sequence:

1. paying taxes;
2. covering the accumulated deficits;
3. setting aside 10% of the surplus profits, after being deducted for the above items 1 and 2, as a legal reserve, except for the legal reserve which has already amounted to the total paid-in capital stock;
4. setting aside another amount as special reserve as required by the law or in response to business running needs.
5. With the above item 1 to item 5 being satisfied, the balance combines with the accumulated undistributed earnings to form the amount of bonus distributable to shareholders.

Article 28 The Company adopts the dividend strategy under the principles of steadiness, moderation and balance. After consideration of the practical condition of earning profits, financial structure and the future development of the Company, at least ten percent shall be set aside from the total dividend amount distributable in the current financial year and shall be allocated as cash dividend. The board of directors may make adjustments to the percentage of the cash dividend depending on the overall business operation condition in the current year, and such adjustments shall be subject to the resolutions adopted at the shareholders' meeting.

The Company authorizes the board of directors to allocate in cash the dividend and the bonus in whole or in part on the basis of a resolution adopted by a

majority of the directors present at the board's meeting and representing at least two thirds of the total number of the directors.

#### Chapter VII. Functional Committee

Article 29 The board of directors of the Company may set up a compensation committee or other functional committees in response to business operation needs.

#### Chapter VIII. Supplementary Provision

Article 30 The organization regulations and bylaws of these Articles of Incorporation shall be otherwise formulated by the board of directors.

Article 31 The matters not specified in these Articles of Incorporation shall be governed by Company Act and other applicable laws.

Article 32 These Articles of Incorporation initially came into effect on July 24, 1984.  
The first amendment was ratified on January 18, 1986.  
The second amendment was ratified on January 10, 1988.  
The third amendment was ratified on December 7, 1989.  
The fourth amendment was ratified on April 24, 1993.  
The fifth amendment was ratified on September 8, 1997.  
The sixth amendment was ratified on October 4, 1997.  
The seventh amendment was ratified on September 5, 1999.  
The eighth amendment was ratified on September 20, 2001.  
The ninth amendment was ratified on June 28, 2002.  
The tenth amendment was ratified on June 29, 2004.  
The eleventh amendment was ratified on November 12, 2004.  
The twelfth amendment was ratified on May 10, 2006.  
The thirteenth amendment was ratified on June 25, 2008.  
The fourteenth amendment was ratified on June 18, 2010.  
The fifteenth amendment was ratified on June 18, 2010.  
The sixteenth amendment was ratified on June 16, 2011.  
The seventeenth amendment was ratified on October 18, 2011.  
The eighteenth amendment was ratified on May 31, 2012.  
The nineteenth amendment was ratified on June 5, 2015.

The twentieth amendment was ratified on June 3, 2016.

The twenty-first amendment was ratified on April 18, 2017

The twenty-second amendment was ratified on May 28, 2020.

The twenty-third amendment was ratified on July 15, 2021.

The twenty-fourth amendment was ratified on May 27, 2022.

**Reports on Distribution of Dividends, Employees Remuneration, Directors Remuneration and Proposals to Shareholders' Meeting**

1. The impact of the dividends distribution on the Company's operating performance, earnings per share and shareholders' return on investment:

The Company did not issue dividends distribution in this year, so it is not applicable.

2. Employees and Directors Remuneration

The amount of directors and employees remuneration proposed by the Company at the board meeting on March 23, 2023 is as follows. The above will be handled in accordance with relevant regulations after the resolution of the shareholders' meeting on June 2, 2023.

1. Employees remuneration to be distributed: NT\$5,460,193.
2. Directors remuneration to be distributed: NT\$5,460,193.
3. There is no difference between the above-mentioned proposed distribution amount and the estimated employees remuneration of NT\$5,460,193 and directors remuneration of NT\$5,460,193.

3. Report on Proposals of the Shareholders' Meeting

According to Article 172-1 of the Company Act, when the board of directors convenes a shareholders meeting, shareholders are entitled to submit proposals. The period for accepting proposals at the 2023 general shareholders' meeting of the Company is from March 27 to April 6, and has been published on MOPS based on legal requirements, and after the expiry of the period, no shareholder has proposed any proposal.

**Shareholding of Directors**

1. The Company's paid-in capital is NT\$686,244,490, and the number of issued shares is 68,624,449 shares.
2. Basis: Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies:
  - (1) The minimum number of shares held by all directors is 5,489,955 shares.
3. The number of shares held by the directors of the Company as recorded in the register of shareholders as of the closing date of the general meeting of shareholders (April 4, 2023) is as follows:

Type	Account No./ID Number	Name	Shareholding
Director	1426	Siyuan Investment Co., Ltd. Representative: LIU, YEN-TI	2,490,000
Director	322	D E N S O Representative: Yasuo Fukumi	14,147,072
Director	46	Ta-Man Investment Co., Ltd. Representative: TSOU, YUNG-CHENG	2,538,774
Director	213	LIU, CHIEH-YU	410,000
Independent Director	P12006XXXX	YEN, WEN-JYH	0
Independent Director	M12079XXXX	WEI, CHE-CHEN	0
Independent Director	E12090XXXX	WANG, CHI-CHUAN	0
Independent Director	N12214XXXX	CHANG, KUO-HUA	0
Total			19,585,846