

Stock Code : 1514

2023 General Shareholders Meeting

Meeting Handbook



ALLIS ELECTRIC CO.,LTD.



Meeting Date: June 21, 2023

Venue: 2F., No.19-10, Sanchong Rd., Nangang Dist., Taipei City (Nankang Software Park Convention Center)

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Allis Electric Co., Ltd
2023 Regular Shareholders' Meeting Agenda

Date: June 21, 2023 (Wednesday) at 9:00 am

Venue:2F, No.19-10, Sanchong Rd., Nangang Dist., Taipei City (Nankang Software Park Convention Center)

Meeting procedures:

I. Announcement to Start Meeting

II. Chairman's Speech

III. Reported Matters

- (1) Report on 2022 Business Report of the Company.
- (2) Report on the Company's endorsements/guarantees and external investments.
- (3) Report on the Distribution of Employee Remuneration and directors of the Company for 2022.
- (4) Report on the Audit Committee's review of the 2022 annual final accounting books and statements.

IV. Approval Matters

- (1) Approval of the Company's 2022 Business Report and Financial Statements
- (2) Approval of the Company's 2022 Profit Distribution Proposal

V. Discussions

- (1) Proposal for surplus profit distributed in the form of new shares.
- (2) Discussion about amendment to certain clauses of the Company's Procedures for Election of Directors.

VI. Elections

Re-election of the Company's directors.

VII. Other Agenda

Release of non-competition restriction on newly elected directors and their representatives.

VIII. Extemporaneous Motions

IX. Adjournment

Reported Matters

I. The Company's 2022 Business Report is submitted for review.

Business Report

The Company's operations in 2022 were as follows:

(1) Production:

Total production total costs in 2022 were NT\$6,171,307,000, an increase of 34.71% (+NT\$4,581,055,000) compared to the previous year (NT\$1,590,252,000), with comparisons by product as follows:

	2022	2021	Growth Rate %	
Electrical Products	1,724,155	1,317,155	+	30.90
Transformers	835,341	556,529	+	50.10
Electrical Equipment	651,269	628,119	+	3.69
Electronic Products	1,397,728	966,763	+	44.58
Materials	95,240	118,819	-	19.84
Engineering (With Installation)	1,464,331	991,601	+	47.67
Other	3,243	2,069	+	56.74
Total	6,171,307	4,581,055	+	34.71

(2) Operations

The total operating revenue of the year was NT\$7,185,438,000 (90.47% was domestic sales valued at NT\$6,500,457,000, and 9.52% was external sales valued at NT\$684,981,000), an increase of 33.29% (NT\$5,390,995,000) compared to the previous year of NT\$1,794,443,000, with comparisons by product as follows:

	2022	2021	Growth Rate %	
Electrical Products	1,943,636	1,457,654	+	33.34
Transformers	1,014,482	619,711	+	63.70
Electrical Equipment	813,768	830,414	-	2.00
Electronic Products	1,621,695	1,171,106	+	38.48
Materials	152,974	176,210	-	13.19
Engineering (With Installation)	1,624,305	1,124,065	+	44.50
Other	14,578	11,835	+	23.19
Total	7,185,438	5,390,995	+	33.29

(3) Profit:

Net income after tax of the fiscal year 2022 was NT\$508,831,000, an increase of 40.75% (NT\$361,521,000) compared to fiscal year 2021 (NT\$147,310,000).

(4) A general description in addition to operational policy, a business summary, and development strategy of 2023:

1. General Description:

The Department of Budget, Accounting, and Statistics has released preliminary statistics of the Growth Rate of Real GDP in Taiwan in 2022, which is 2.45%. Furthermore, it forecasts that the Growth Rate of Real GDP in Taiwan in 2023 will be 2.12%, the lowest on record in the past eight years. The estimated Growth Rate of Real GDP in 2023 has been revised and decrease as global economic growth is slowing down, therefore causing the trading volume to

also revised as it will affect the export performance of Taiwan. To maintain positive economic growth, the government is expected to invest a lot of effort to boost domestic consumption and increasing public and private investment. However, due to the tight monetary policy that global countries have used to fight deflation, in addition to the stalemate of the Russia-Ukraine war, end-consumer demand has decreased. Moreover, due to the inventory adjustment in the industrial supply chain, international trade momentum has sharply dropped, affecting private investment.

In recent years, the government's investment in public infrastructure has continued to increase, which is regarded as a bellwether to boost the economy. The policy of increasing domestic demand has been implemented for several years and is favorable to the domestic demand industry. Power outage events have occurred in recent years, and the execution of the Grid Resilience Strengthening Construction Plan by Taiwan Power Company is therefore imperative. We will continue to implement our Electrical Grid Resilience Upgrade Plan to help drive profitability as well as generate stable revenue for the company in the future. The company has been dedicated to innovation and transformation for many years. We continue to create and develop smart switch devices, solar photovoltaic equipment, energy storage and energy saving products developed for the Grid Resilience Strengthening Construction Plan by Taiwan Power Company, in addition to power electronics, electric buses, and railway vehicle charging equipment, all of which meet the current domestic grid improvement needs and the latest trends. In 2022, due to the great efforts made by all employees, the number of orders received has not only increased, but profits grew. Orders in hand also reached new highs. This is no mean feat given the current economic climate.

2. Operational Strategy:

The global economy will definitely face long-term structural adjustments. Structural transformation is a key change that Taiwan is facing and requires strategy and innovation. The business operating policy of the company in 2023 is focused on taking orders prudently while increasing added value; enhancing the management and control of accounts receivable and inventory to maximize the effectiveness of production-marketing; improving profitability and achieving positive cash flow. Furthermore, we are expecting to strengthen product quality and accelerate the development of new products so that the company can grow and transform continuously. We also aim to keep up with market trends and develop the Future Vision 2.0 Project to establish railway, green energy, and digital construction by expanding semiconductor factories, the equipment upgrade of Taiwan Power Company's smart substations, and the Electricity Distribution System Enhancement Program. Through innovation and the added-value created by market segmentation and expansion, product differentiation, and system customization, combined with mobility and flexibility, we will create our own blue ocean.

3. Orders, production and sales in 2023:

As the number of orders in 2022 was larger than sales, current orders on hand can meet the needs of overall production capacity in 2023. Heavy electrical equipment industry is the basic industry in the country. The global economy, after decades of development, is driving the development of green energy, energy-saving solutions, energy storage, intelligence, and high efficiency, rendering old electrical equipment redundant. Over the years, we will continue to develop new products in line with this global shift. The number of orders and production and sales levels in 2023 are expected to grow steadily.

4. Company development strategy in the future:

Our commitment to research and development over many years has produced results. Various circuit switches for electricity distribution automation have obtained localization certifications from Tai Power Company so orders could be fulfilled. All products meet the production capacity of the newly built electrical construction materials factory as well. The newly built Transformer Factory No.2 is officially launching in the second half of 2023 and will expand production capacity so we can win high-value orders, including pole-mounted transformers of Taiwan Power Company, and regular-medium and low-voltage transformers for semiconductor factories. Most countries in the world are aiming for net zero emissions by 2050. Taiwan Power Company is also deploying "Green Energy + Energy Storage" equipment. The company has been committed to the development of the large capacity PV INVERTER. In addition, charging equipment for electric buses, electric vehicles, and railway electric units also align with current trends, and a breakthrough is on the horizon. Regarding the future development of the new product and market, the company will remain focused on the development of new smart electrical equipment, power electronics, energy saving, energy storage, smart grid, and cloud application related products with accumulated core technology. All colleagues are working hard to achieve our goals, and we appreciate the support of all our shareholders.

Allis Electric Co., Ltd

Chairman: Sung, He-Yeh

Manager: Cheng, Chao-Pin

Accounting Supervisor: Chan, I-Yuan

II. Report on the Company's Endorsements/Guarantees and External Investments:

(1) The endorsement and guarantee made by the Company as at Dec 31, 2022 are set out below for review

1. NT\$80,000,000 for Nissin-Allis Electric Co., Ltd
2. NT\$125,000,000 for Ares Technology Co., Ltd
3. NT\$270,400,000 for Air King Industrial Co., Ltd
4. NT\$271,961,613 for Chung Mou Construction Co., Ltd
5. NT\$64,104,613 for ALLIS ELECTRIC(S) PTE. LTD.

The above totals NT\$811,466,226.

(2) External investments approved by the board of directors in 2022:

1. Since the development of the electric vehicle has become an international market trend, the company has developed a new product, the DC charging pile, to expand our sales channels. We have also invested NT\$22.5 million in ChargeSmith Co., Ltd., holding 13.49% of its equity, becoming the first supplier to provide DC charging equipment and power management to the company.
2. AEC International S.R.L., an Italian subsidiary of the company, requested a capital increase of EUR\$480,000. We subscribed 40% for a total of EUR\$192,000. The professional executive managers of the company and their holding companies together subscribed 60% of the capital increase amount. Through this subscription, company operations will be strengthened and financial structure improved. The company now holds 70% of the shares.
3. ALLIS ELECTRIC (S) PTE. LTD., which is a subsidiary established by the company in Singapore, has a paid-in capital of SGD\$3 million. The company holds 100% of its shares and the subsidiary has obtained an order from a Taiwan semiconductor manufacturer who is going to build a factory in Singapore.

III. Report on 2022 Distribution of Employee Remuneration and Director Remuneration of the Company:

The Company's profit for fiscal year 2022 (excluding pre-tax net income before employee compensation and directors' remuneration) was NT\$601,569,717. Pursuant to Article 25 of the Company's articles of incorporation, a 4% compensation contribution to employees amounting to NT\$24,062,788 and a 2% remuneration contribution to directors amounting to NT\$12,031,394 were paid in cash.

IV. The Audit Report by Audit Committee on 2022 Financial Statements

Audit Report by Audit Committee

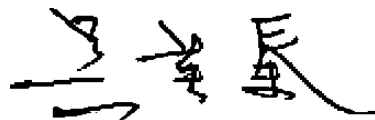
The board of directors has prepared the Company's 2022 Business Report, Consolidated and Separate Financial Statements and Profit Distribution Proposal, etc.. The Consolidated and Separate Financial Statements have audited and certified by CPAs from Hui-Chung CPA and an Audit Report has been issued. The Audit Committee has reviewed such Business Report, Consolidated and Separate Financial Statements and Profit Distribution Proposal and has found them compliant. Thus, this report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for review.

To

Allis Electric Co., Ltd. 2023 General Shareholders Meeting

Convener of the audit committee: WU, YING-CHIN

March 14, 2023

Handwritten signature in black ink, consisting of stylized Chinese characters.

Approval Matters

Agenda 1: Proposed by Board of Directors

Subject: Approval of the Company's 2022 Business Report and Financial Statements.

Illustration: (1) The Company's 2022 Financial Statements (including the consolidated financial statements) were audited and certified by CHO, MIN-CHIH and CPA HSIAN, WEN-TING from Huichung CPAs Firm, and the documents together with the Business Report were approved by the Audit Committee of the Company. Please refer to Page 2 to Page 4 and Page 9 to Page 28 for the Business Report and Financial Statements.

(2) This resolution was approved by the Board of Directors and submitted to Shareholders' Meeting for approval.

Resolution:

Earnest & Co., CPAs.

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Taipei, Taiwan (R.O.C)

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INDEPENDENT AUDITORS' REPORT

Allis Electric Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Allis Electric Co., Ltd., which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Allis Electric Ltd. as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2022 are as follows:

Revenue Recognition

Please refer to Note 4(16) of the parent company only financial statements for the accounting policies on revenue recognition.

Because revenue is high-risk in nature and parts of goods are customized, revenue recognition was identified as one of the key audit matters.

We have obtained understanding and have verified the accounting policy and the design and implementation of internal controls with respect to revenue recognition. We checked the

compliance with the accounting policy on revenue recognition by reviewing the relevant documents. For ensuring Allis Electric Ltd.'s compliance with IFRS 15, samples from the recognized revenue have been selected to test if the conditions of revenue recognition were met.

Estimated Impairment of Accounts Receivable

Please refer to Note 4(6) of the parent company only financial statements for the accounting policies on impairment of accounts receivables and Note 5 of the parent company only financial statements for uncertainty of accounting estimation and assumptions for the estimated impairment of accounts receivable.

Because of measuring expected credit losses on accounts receivable involve significant judgments and uncertainties, the estimated impairment of accounts receivables was identified as one of the key audit matters.

We evaluated the reasonableness of allowance for impairment loss by testing the aging of accounts receivables and by quantifying the potential risk of accounts receivables that were overdue at the balance sheet date. We tested the recoverability of the accounts receivables by vouching cash receipts after the balance sheet date. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Other Matter

We did not audit the financial statements of certain investee companies as of and for the years ended December 31, 2022 and 2021, which reflected in the parent company only financial statements using the equity of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Thus, our opinion, insofar as it relates to the amounts included in Allis Electric Ltd.'s parent company only financial statements for such investee companies, is based solely on the reports of other auditors. As of December 31, 2022 and 2021, the aforementioned investment accounted for using equity method were NT\$435,050 thousand and NT\$332,930 thousand, respectively, which represented 4.56% and 4.21%, respectively, of the total assets. Allis Electric Ltd.'s share of comprehensive income or loss of such investee companies were NT\$82,180 thousand and NT\$44,411 thousand for the years ended December 31, 2022 and 2021, respectively, which represented 17.55% and 10.46%, respectively, of total comprehensive income.

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

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

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

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

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

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

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

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

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

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

where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Ling Hung and Min-Chih Chuo.

Earnest & Co., CPAs.
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

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

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

Allis Electric Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	Notes	2022.12.31		2021.12.31		
		Amount	%	Amount	%	
CURRENT ASSETS						
1100	Cash and cash equivalents	Note 4 and 6	\$ 423,536	4.44	\$ 278,868	3.53
1110	Financial assets at fair value through profit or loss	Note 4 and 6	1,883	0.02	—	—
1120	Financial assets at fair value through other comprehensive income	Note 4 and 6	162	0.00	215	0.00
1140	Contract assets	Note 4	302,814	3.18	237,505	3.01
1150	Notes receivable, net	Note 4 and 6	119,487	1.25	102,259	1.29
1160	Notes receivable from related parties	Note 7	3,504	0.04	—	—
1170	Accounts receivable, net	Note 4 and 6	3,177,045	33.33	2,878,867	36.44
1180	Accounts receivable from related parties	Note 6 and 7	180,016	1.89	133,737	1.69
1200	Other receivables	Note 4, 6,7 and 8	91,566	0.96	105,699	1.33
1310	Inventories	Note 4 and 6	2,173,600	22.80	1,423,257	18.02
1410	Prepayments		58,018	0.61	66,950	0.85
1479	Other current assets	Note 6	17	0.00	—	—
11xx	Total current assets		<u>6,531,648</u>	<u>68.52</u>	<u>5,227,357</u>	<u>66.16</u>
NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income	Note 4 and 6	241,789	2.54	249,837	3.16
1550	Investments accounted for using equity method	Note 4 and 6	856,412	8.98	746,150	9.44
1600	Property, plant and equipment	Note 4, 6,7 and 8	1,358,834	14.25	1,175,322	14.88
1755	Right-of-use assets	Note 4 and 6	3,465	0.04	6,122	0.08
1760	Investment properties	Note 4, 6 and 8	353,552	3.71	355,701	4.50
1780	Intangible assets	Note 4 and 6	5,791	0.06	7,776	0.10
1840	Deferred tax assets	Note 4 and 6	23,524	0.25	20,730	0.26
1915	Prepayments for equipment		720	0.01	5,719	0.07
1920	Refundable deposits		126,612	1.33	70,565	0.89
1980	Other receivables	Note 6 and 7	19,971	0.21	26,272	0.34
1990	Other non-current assets	Note 6	9,748	0.10	9,748	0.12
15xx	Total non-current assets		<u>3,000,418</u>	<u>31.48</u>	<u>2,673,942</u>	<u>33.84</u>
1xxx	TOTAL ASSETS		<u>\$ 9,532,066</u>	<u>100.00</u>	<u>\$ 7,901,299</u>	<u>100.00</u>

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		Notes	2022.12.31		2021.12.31	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2100	Short-term loans	Note 6	\$ 2,027,000	21.27	\$ 1,718,353	21.75
2120	Financial liabilities at fair value through profit or loss	Note 4 and 6	—	—	442	0.01
2130	Contract liabilities	Note 4 and 7	720,992	7.56	242,229	3.07
2170	Accounts payable		1,824,949	19.15	1,402,644	17.75
2180	Accounts payable to related parties	Note 7	344,256	3.61	326,966	4.14
2200	Other payables	Note 7	382,897	4.02	233,614	2.96
2230	Current tax liabilities	Note 4	40,326	0.42	38,820	0.49
2250	Provisions	Note 4 and 6	12,100	0.13	12,100	0.15
2255	Short-term onerous contracts provision		62	0.00	62	0.00
2280	Lease liabilities	Note 4	2,688	0.03	2,698	0.03
2399	Other current liabilities		1,424	0.01	724	0.01
21xx	Total current liabilities		<u>5,356,694</u>	<u>56.20</u>	<u>3,978,652</u>	<u>50.36</u>
NON-CURRENT LIABILITIES						
2540	Long-term loans	Note 6	150,000	1.57	150,000	1.90
2571	Deferred tax liabilities-land value increment tax		174,220	1.83	174,220	2.20
2580	Lease liabilities	Note 4	907	0.01	3,595	0.05
2640	Net defined benefit liabilities	Note 4 and 6	15,515	0.16	55,965	0.71
2645	Guarantee deposits		3,369	0.04	3,297	0.04
25xx	Total non-current liabilities		<u>344,011</u>	<u>3.61</u>	<u>387,077</u>	<u>4.90</u>
2xxx	Total liabilities		<u>5,700,705</u>	<u>59.81</u>	<u>4,365,729</u>	<u>55.26</u>
EQUITY						
		Note 6				
3100	Share capital		2,397,430	25.15	2,283,267	28.90
3200	Capital surplus		73,039	0.76	71,031	0.90
	Retained earnings					
3310	Legal reserve		204,656	2.15	167,107	2.11
3320	Special reserve		450,584	4.73	451,387	5.71
3350	Unappropriated earnings		693,356	7.27	473,428	5.99
3300	Total retained earnings		<u>1,348,596</u>	<u>14.15</u>	<u>1,091,922</u>	<u>13.81</u>
3400	Other equity		53,912	0.57	130,966	1.66
3500	Treasury Stock		(41,616)	(0.44)	(41,616)	(0.53)
3xxx	Total equity		<u>3,831,361</u>	<u>40.19</u>	<u>3,535,570</u>	<u>44.74</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 9,532,066</u>	<u>100.00</u>	<u>\$ 7,901,299</u>	<u>100.00</u>

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2022		2021	
		Amount	%	Amount	%
4000 OPERATING REVENUE	Note 4, 6 and 7	\$ 7,185,438	100.00	\$ 5,390,995	100.00
5000 OPERATING COST	Note 6 and 7	6,171,307	85.89	4,581,055	84.98
5900 GROSS PROFIT		1,014,131	14.11	809,940	15.02
5910 LESS: UNREALIZED GROSS PROFIT ON SALES		1,364	0.02	4,704	0.09
5950 NET GROSS PROFIT		1,012,767	14.09	805,236	14.93
OPERATING EXPENSES					
6100 Selling and marketing expenses	Note 7	337,485	4.69	251,177	4.66
6200 General and administrative expenses		176,539	2.46	135,598	2.51
6300 Research and development expenses	Note 7	114,317	1.59	89,477	1.66
6450 Expected credit impairment loss		8,472	0.12	7,007	0.13
6000 Total operating expenses		636,813	8.86	483,259	8.96
6900 OPERATING INCOME		375,954	5.23	321,977	5.97
NON-OPERATING INCOME AND EXPENSES					
7010 Other income	Note 6 and 7	23,220	0.32	23,286	0.43
7020 Other gains and losses	Note 6	34,317	0.48	(457)	(0.01)
7050 Finance costs	Note 6	(24,144)	(0.33)	(9,973)	(0.19)
7060 Share of profit of subsidiaries and associates accounted for using equity method	Note 4 and 6	156,128	2.17	72,298	1.34
7000 Total non-operating income and expenses		189,521	2.64	85,154	1.57
7900 INCOME BEFORE INCOME TAX		565,475	7.87	407,131	7.54
7950 INCOME TAX EXPENSE	Note 4 and 6	56,644	0.79	45,610	0.84
8200 NET INCOME		508,831	7.08	361,521	6.70
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
8311 Remeasurement of defined benefit plans	Note 4 and 6	25,931	0.36	10,130	0.20
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	Note 4	(35,328)	(0.49)	16,236	0.30
8330 Share of other comprehensive income of subsidiaries and associates accounted for using equity method		(37,999)	(0.53)	39,379	0.73
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating foreign operation		6,067	0.09	(2,465)	(0.05)
8380 Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method		762	0.01	(332)	(0.01)
8300 Other comprehensive income, net		(40,567)	(0.56)	62,948	1.17
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 468,264	6.52	\$ 424,469	7.87
Note 6					
9750 EARNINGS PER SHARE		\$ 2.15		\$ 1.53	

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital		Retained Earnings				Other Equity			Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operation	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock	
BALANCE, JANUARY 1, 2021	217,454	\$ 2,174,540	\$ 68,870	\$ 132,753	\$ 452,190	\$ 393,242	\$ (11,010)	\$ 92,188	\$ (41,616)	\$ 3,261,157
Appropriation of the 2020 earnings	—	—	—	—	—	(34,354)	—	—	—	—
Legal reserve appropriated	—	—	—	34,354	—	(152,217)	—	—	—	(152,217)
Cash dividends-NT\$0.70 per share	—	—	—	—	—	(108,727)	—	—	—	—
Stock dividends-NT\$0.50 per share	10,873	108,727	—	—	—	361,521	—	—	—	361,521
Net income in 2021	—	—	—	—	—	9,647	(2,797)	56,098	—	62,948
Other comprehensive income and loss in 2021, net of income tax	—	—	—	—	—	371,168	(2,797)	56,098	—	424,469
Total comprehensive income in 2021	—	—	1,789	—	—	—	—	—	—	1,789
Cash dividends distributed to subsidiaries	—	—	—	—	—	—	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	511	—	—	—	—	—	—	511
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	3,513	—	(3,513)	—	—
Return of donation from owners	—	—	(139)	—	—	—	—	—	—	(139)
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—
BALANCE, DECEMBER 31, 2021	228,327	2,283,267	71,031	167,107	451,387	473,428	(13,807)	144,773	(41,616)	3,535,570
Appropriation of the 2021 earnings	—	—	—	—	—	(37,549)	—	—	—	—
Legal reserve appropriated	—	—	—	37,549	—	(171,245)	—	—	—	(171,245)
Cash dividends-NT\$0.75 per share	—	—	—	—	—	(114,163)	—	—	—	—
Stock dividends-NT\$0.50 per share	11,416	114,163	—	—	—	508,831	—	—	—	508,831
Net income in 2022	—	—	—	—	—	29,165	6,829	(76,561)	—	(40,567)
Other comprehensive income and loss in 2022, net of income tax	—	—	—	—	—	537,996	6,829	(76,561)	—	468,264
Total comprehensive income in 2022	—	—	2,012	—	—	—	—	—	—	2,012
Cash dividends distributed to subsidiaries	—	—	—	—	—	—	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	(3,236)	—	—	—	(3,236)
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	7,322	—	(7,322)	—	—
Return of donation from owners	—	—	(4)	—	—	—	—	—	—	(4)
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—
BALANCE, DECEMBER 31, 2022	239,743	\$ 2,397,430	\$ 73,039	\$ 204,656	\$ 450,584	\$ 693,356	\$ (6,978)	\$ 60,890	\$ (41,616)	\$ 3,831,361

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 565,475	\$ 407,131
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	45,379	39,229
Amortization expense	3,029	2,923
Expected credit impairment loss	8,472	7,007
Net gain on financial instruments at fair value through profit or loss	(10,918)	(1,187)
Interest expense	24,144	9,973
Interest income	(3,413)	(3,105)
Dividend income	(1,562)	(1,953)
Share of profit of subsidiaries and associates accounted for using equity method	(156,128)	(72,298)
Net loss on disposal of property, plant and equipment	—	481
Unrealized gross profit on sales	1,364	4,704
Changes in operating assets and liabilities		
Increase in contract assets	(65,309)	(130,924)
Increase in notes receivable	(17,332)	(38,536)
Decrease (increase) in notes receivable from related parties	(3,504)	613
Increase in accounts receivable	(306,546)	(1,132,752)
Increase in accounts receivable from related parties	(46,279)	(68,059)
Decrease in other receivables	13,310	101,325
Increase in inventories	(750,343)	(481,475)
Decrease (increase) in prepayments	8,932	(32,192)
Decrease (increase) in other current assets	(17)	175
Changes in financial instruments at fair value through profit or loss	8,593	(146)
Increase in contract liabilities	478,763	41,510
Increase in accounts payable	422,305	411,601
Increase in accounts payable to related parties	17,290	164,120
Increase in other payables	121,402	28,213
Decrease in short-term onerous contracts provision	—	(1,571)
Increase in other current liabilities	700	12
Decrease in net defined benefit liabilities	(14,519)	(14,353)
Cash inflow (outflow) generated from (used in) operations	343,288	(759,534)
Income tax paid	(57,932)	(38,015)
Net cash generated from (used in) operating activities	285,356	(797,549)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (37,995)	(8,112)
Disposal of financial assets at fair value through other comprehensive income	10,768	—
Acquisition of investments accounted for using equity method	(69,026)	(14,997)
Acquisition of property, plant and equipment	(196,966)	(235,890)
Acquisition of intangible assets	(1,044)	(2,638)
Decrease (increase) in prepayments for equipment	4,999	(5,719)
Increase in refundable deposits	(56,047)	(25,644)
Decrease (increase) in other receivables	6,801	(49,456)
Interest received	3,736	2,986
Cash dividend received	82,696	38,524
Net cash flows used in investing activities	(252,078)	(300,946)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	12,169,221	7,707,728
Decrease in short-term loans	(11,860,574)	(6,724,375)
Increase (decrease) in guarantee deposits	72	(1)
Repayment of the principal portion of lease liabilities	(2,698)	(2,827)
Increase in long-term loans	—	103,000
Interest paid	(23,382)	(9,672)
Cash dividends paid	(171,245)	(152,217)
Others	(4)	(139)
Net cash flows generated from financing activities	111,390	921,497
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	144,668	(176,998)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	278,868	455,866
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 423,536	\$ 278,868

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Earnest & Co., CPAs.

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INDEPENDENT AUDITORS' REPORT

Allis Electric Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries (collectively referred to as "Allis Electric Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allis Electric Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Please refer to Note 4(16) of the consolidated financial statements for the accounting policies on revenue recognition.

Because revenue is high-risk in nature and parts of goods are customized, revenue recognition was identified as one of the key audit matters.

We have obtained understanding and have verified the accounting policy and the design and

implementation of internal controls with respect to revenue recognition. We checked the compliance with the accounting policy on revenue recognition by reviewing the relevant documents. For ensuring Allis Electric Group's compliance with IFRS 15, samples from the recognized revenue have been selected to test if the conditions of revenue recognition were met.

Estimated Impairment of Accounts Receivable

Please refer to Note 4(6) of the consolidated financial statements for the accounting policies on impairment of accounts receivables and Note 5 of the consolidated financial statements for uncertainty of accounting estimation and assumptions for the estimated impairment of accounts receivable.

Because of measuring expected credit losses on accounts receivable involve significant judgments and uncertainties, the estimated impairment of accounts receivables was identified as one of the key audit matters.

We evaluated the reasonableness of allowance for impairment loss by testing the aging of accounts receivables and by quantifying the potential risk of accounts receivables that were overdue at the balance sheet date. We tested the recoverability of the accounts receivables by vouching cash receipts after the balance sheet date. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Other Matter

We did not audit the financial statements of certain subsidiaries of Allis Electric Group as of and for the years ended December 31, 2022 and 2021, which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. As of December 31, 2022 and 2021, the total assets of such subsidiaries were NT\$396,777 thousand and NT\$186,379 thousand, respectively, which represented 3.94% and 2.28%, respectively, of Allis Electric Group's consolidated total assets. For the year ended December 31, 2022 and 2021, the operating revenue of such subsidiaries were NT\$411,679 thousand and NT\$241,832 thousand, respectively, which represented 5.34% and 4.26%, respectively, of Allis Electric Group's consolidated total operating revenue. In addition, we did not audit the financial statements of certain associates of Allis Electric Group as of and for the years ended December 31, 2022 and 2021, which reflected in the consolidated financial statements using the equity of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Thus, our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. As of December 31, 2022 and 2021, the aforementioned investments accounted for using equity method were NT\$342,824 thousand and NT\$320,114 thousand, respectively, which represented 3.40% and 3.91%, respectively, of Allis Electric Group's consolidated total assets. Allis Electric Group's share of comprehensive income or loss of such associates were NT\$73,472 thousand and NT\$52,561 thousand for the years ended December 31, 2022 and 2021, respectively, which represented 15.13% and 12.14%, respectively, of Allis Electric Group's consolidated total comprehensive income.

We have also audited the parent company only financial statements of Allis Electric Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with Other Matter section.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allis Electric Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Allis Electric Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

However, future events or conditions may cause Allis Electric Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Allis Electric Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-ling Hung and Min-chih Chuo.

Earnest & Co., CPAs.
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

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

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

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	Notes	2022.12.31		2021.12.31		
		Amount	%	Amount	%	
CURRENT ASSETS						
1100	Cash and cash equivalents	Note 4 and 6	\$ 670,064	6.65	\$ 499,304	6.10
1110	Financial assets at fair value through profit or loss	Note 4 and 6	2,423	0.02	800	0.01
1120	Financial assets at fair value through other comprehensive income	Note 4 and 6	25,088	0.25	32,835	0.40
1140	Contract assets	Note 4	532,698	5.28	318,776	3.89
1150	Notes receivable, net	Note 4 and 6	119,785	1.18	102,446	1.25
1160	Notes receivable from related parties	Note 7	3,504	0.03	—	—
1170	Accounts receivable, net	Note 4 and 6	3,464,345	34.36	2,975,697	36.32
1180	Accounts receivable from related parties	Note 6 and 7	32,044	0.32	37,752	0.46
1200	Other receivables	Note 4, 6, 7, and 8	92,822	0.93	107,751	1.32
1220	Current tax assets		—	—	70	0.00
1310	Inventories	Note 4 and 6	2,376,067	23.56	1,572,188	19.19
1410	Prepayments		76,269	0.76	72,334	0.88
1479	Other current assets	Note 6	1,174	0.01	352	0.01
11xx	Total current assets		<u>7,396,283</u>	<u>73.35</u>	<u>5,720,305</u>	<u>69.83</u>
NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income	Note 4 and 6	267,869	2.66	307,501	3.75
1550	Investments accounted for using equity method	Note 4 and 6	342,824	3.40	320,114	3.91
1600	Property, plant and equipment	Note 4, 6 and 8	1,536,559	15.24	1,354,528	16.53
1755	Right-of-use assets	Note 4 and 6	4,840	0.05	8,962	0.11
1760	Investment properties	Note 4, 6 and 8	353,552	3.51	355,701	4.34
1780	Intangible assets	Note 4 and 6	10,577	0.10	14,581	0.18
1840	Deferred tax assets	Note 4 and 6	30,459	0.30	21,800	0.27
1915	Prepayments for equipment		720	0.01	5,719	0.07
1920	Refundable deposits		127,119	1.26	71,369	0.87
1975	Net defined benefit asset	Note 4 and 6	2,171	0.02	1,341	0.02
1980	Other receivables	Note 6	390	0.00	374	0.00
1990	Other non-current assets	Note 6	9,748	0.10	9,748	0.12
15xx	Total non-current assets		<u>2,686,828</u>	<u>26.65</u>	<u>2,471,738</u>	<u>30.17</u>
1xxx	TOTAL ASSETS		<u>\$ 10,083,111</u>	<u>100.00</u>	<u>\$ 8,192,043</u>	<u>100.00</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		Notes	2022.12.31		2021.12.31	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2100	Short-term loans	Note 6	\$ 2,272,655	22.54	\$ 1,899,344	23.19
2120	Financial liabilities at fair value through profit or loss	Note 4 and 6	—	—	442	0.01
2130	Contract liabilities	Note 4 and 7	728,099	7.22	251,134	3.06
2150	Notes payable	Note 7	70,773	0.70	17,203	0.21
2170	Accounts payable		2,055,793	20.39	1,451,174	17.71
2180	Accounts payable to related parties	Note 7	129,678	1.29	172,456	2.11
2200	Other payables	Note 7	415,565	4.12	257,123	3.14
2230	Current tax liabilities	Note 4	53,997	0.54	52,387	0.64
2250	Provisions	Note 4 and 6	12,100	0.12	12,100	0.15
2255	Short-term onerous contracts provision		62	0.00	62	0.00
2280	Lease liabilities	Note 4	3,352	0.03	4,274	0.05
2320	Current portion of long-term loans	Note 6	8,394	0.08	5,025	0.06
2399	Other current liabilities		2,434	0.03	1,169	0.01
21xx	Total current liabilities		<u>5,752,902</u>	<u>57.06</u>	<u>4,123,893</u>	<u>50.34</u>
NON-CURRENT LIABILITIES						
2540	Long-term loans	Note 6	211,728	2.10	216,458	2.64
2571	Deferred tax liabilities	Note 4 and 6	174,652	1.73	174,486	2.13
2580	Lease liabilities	Note 4	1,816	0.02	5,039	0.06
2640	Net defined benefit liabilities	Note 4 and 6	18,840	0.19	60,191	0.74
2645	Guarantee deposits		3,369	0.03	3,408	0.04
25xx	Total non-current liabilities		<u>410,405</u>	<u>4.07</u>	<u>459,582</u>	<u>5.61</u>
2xxx	Total liabilities		<u>6,163,307</u>	<u>61.13</u>	<u>4,583,475</u>	<u>55.95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
3100	Share capital	Note 6	2,397,430	23.78	2,283,267	27.87
3200	Capital surplus	Note 6	73,039	0.72	71,031	0.87
Retained earnings						
3310	Legal reserve		204,656	2.03	167,107	2.04
3320	Special reserve		450,584	4.47	451,387	5.51
3350	Unappropriated earnings		693,356	6.87	473,428	5.78
3300	Total retained earnings	Note 6	<u>1,348,596</u>	<u>13.37</u>	<u>1,091,922</u>	<u>13.33</u>
3400	Other equity		53,912	0.53	130,966	1.60
3500	Treasury Stock	Note 6	(41,616)	(0.41)	(41,616)	(0.51)
31xx	Total equity attributable to owners of the parent		<u>3,831,361</u>	<u>37.99</u>	<u>3,535,570</u>	<u>43.16</u>
36xx	NON-CONTROLLING INTERESTS		88,443	0.88	72,998	0.89
3xxx	Total equity		<u>3,919,804</u>	<u>38.87</u>	<u>3,608,568</u>	<u>44.05</u>
TOTAL LIABILITIES AND EQUITY			<u>\$ 10,083,111</u>	<u>100.00</u>	<u>\$ 8,192,043</u>	<u>100.00</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2022		2021	
		Amount	%	Amount	%
4000 OPERATING REVENUE	Note 4, 6 and 7	\$ 7,709,152	100.00	\$ 5,681,629	100.00
5000 OPERATING COST	Note 6 and 7	6,418,988	83.26	4,705,428	82.82
5900 GROSS PROFIT		1,290,164	16.74	976,201	17.18
5910 LESS: UNREALIZED GROSS PROFIT ON SALES		1,262	0.02	195	0.00
5950 NET GROSS PROFIT		1,288,902	16.72	976,006	17.18
OPERATING EXPENSES					
6100 Selling and marketing expenses	Note 7	454,330	5.89	335,803	5.91
6200 General and administrative expenses		201,797	2.62	157,038	2.76
6300 Research and development expenses	Note 7	125,220	1.62	100,143	1.76
6450 Expected credit impairment loss		10,602	0.14	7,056	0.13
6000 Total operating expenses		791,949	10.27	600,040	10.56
6900 OPERATING INCOME		496,953	6.45	375,966	6.62
NON-OPERATING INCOME AND EXPENSES					
7010 Other income	Note 6 and 7	28,324	0.36	26,327	0.46
7020 Other gains and losses	Note 6	25,182	0.33	(13,558)	(0.24)
7050 Finance costs	Note 6	(28,912)	(0.38)	(13,897)	(0.24)
7060 Share of profit of associates accounted for using equity method	Note 4 and 6	70,649	0.92	53,397	0.94
7000 Total non-operating income and expenses		95,243	1.23	52,269	0.92
7900 INCOME BEFORE INCOME TAX		592,196	7.68	428,235	7.54
7950 INCOME TAX EXPENSE	Note 4 and 6	66,316	0.86	59,827	1.05
8200 NET INCOME		525,880	6.82	368,408	6.49
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
8311 Remeasurement of defined benefit plans	Note 4 and 6	27,378	0.36	10,123	0.18
8316 Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	Note 4	(77,683)	(1.01)	57,779	1.02
8321 Share of remeasurement of defined benefit plans of associates accounted for using equity method		2,061	0.03	(503)	(0.01)
8349 Income tax relating to items that will not be reclassified to profit or loss	Note 6	(164)	0.00	16	0.00
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating foreign operation		7,271	0.09	(2,452)	(0.05)
8370 Share of other comprehensive income (loss) of associates accounted for using equity method		762	0.01	(333)	(0.01)
8300 Other comprehensive income, net		(40,375)	(0.52)	64,630	1.13
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 485,505	6.30	\$ 433,038	7.62
NET INCOME ATTRIBUTABLE TO					
8610 Owners of the parent		\$ 508,831	6.60	\$ 361,521	6.37
8620 Non-controlling interests		17,049	0.22	6,887	0.12
		\$ 525,880	6.82	\$ 368,408	6.49
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
8710 Owners of the parent		\$ 468,264	6.07	\$ 424,469	7.47
8720 Non-controlling interests		17,241	0.23	8,569	0.15
		\$ 485,505	6.30	\$ 433,038	7.62
9750 EARNINGS PER SHARE	Note 6	\$ 2.15		\$ 1.53	

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
Equity Attributable to Owners of Parent

	Share Capital		Retained Earnings				Other Equity			Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operation	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock			
BALANCE, JANUARY 1, 2021	217,454	\$ 2,174,540	\$ 68,870	\$ 132,753	\$ 452,190	\$ 393,242	\$ (11,010)	\$ 92,188	\$ (41,616)	\$ 3,261,157	\$ 66,189	\$ 3,327,346
Appropriation of the 2020 earnings	—	—	—	—	—	—	—	—	—	—	—	—
Legal reserve appropriated	—	—	—	34,354	—	(34,354)	—	—	—	(152,217)	—	(152,217)
Cash dividends-NT\$0.70 per share	—	—	—	—	—	(152,217)	—	—	—	—	—	—
Stock dividends-NT\$0.50 per share	10,873	108,727	—	—	—	(108,727)	—	—	—	—	—	—
Net income in 2021	—	—	—	—	—	361,521	—	—	—	361,521	6,887	368,408
Other comprehensive income and loss in 2021, net of income tax	—	—	—	—	—	9,647	(2,797)	56,098	—	62,948	1,682	64,630
Total comprehensive income in 2021	—	—	—	—	—	371,168	(2,797)	56,098	—	424,469	8,569	433,038
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,253)	(1,253)
Cash dividends distributed to subsidiaries	—	—	1,789	—	—	—	—	—	—	1,789	1	1,790
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	3,513	—	(3,513)	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	511	—	—	—	—	—	—	511	(508)	3
Return of donation from owners	—	—	(139)	—	—	—	—	—	—	(139)	—	(139)
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2021	228,327	2,283,267	71,031	167,107	451,387	473,428	(13,807)	144,773	(41,616)	3,535,570	72,998	3,608,568
Appropriation of the 2021 earnings	—	—	—	—	—	—	—	—	—	—	—	—
Legal reserve appropriated	—	—	—	37,549	—	(37,549)	—	—	—	—	—	—
Cash dividends-NT\$0.75 per share	—	—	—	—	—	(171,245)	—	—	—	(171,245)	—	(171,245)
Stock dividends-NT\$0.50 per share	11,416	114,163	—	—	—	(114,163)	—	—	—	—	—	—
Net income in 2022	—	—	—	—	—	508,831	—	—	—	508,831	17,049	525,880
Other comprehensive income and loss in 2022, net of income tax	—	—	—	—	—	29,165	6,829	(76,561)	—	(40,567)	192	(40,375)
Total comprehensive income in 2022	—	—	—	—	—	537,996	6,829	(76,561)	—	468,264	17,241	485,505
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(12,051)	(12,051)
Cash dividends distributed to subsidiaries	—	—	2,012	—	—	—	—	—	—	2,012	2	2,014
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	7,322	—	(7,322)	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	(3,236)	—	—	—	(3,236)	10,253	7,017
Return of donation from owners	—	—	(4)	—	—	—	—	—	—	(4)	—	(4)
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2022	239,743	2,397,430	73,039	204,656	450,584	693,356	(6,978)	60,890	(41,616)	3,831,361	88,443	3,919,804

The accompanying notes are an integral part of the consolidated financial statements.
(With Eames & Co., CPAs auditors' report dated March 14, 2023)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 592,196	\$ 428,235
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	50,624	45,144
Amortization expense	5,466	5,662
Expected credit impairment loss	10,602	7,056
Net gain on financial instruments at fair value through profit or loss	(10,658)	(1,482)
Interest expense	28,912	13,897
Interest income	(4,025)	(3,243)
Dividend income	(4,207)	(2,895)
Share of profit of associates accounted for using equity method	(70,649)	(53,397)
Net loss on disposal of property, plant and equipment	50	685
Loss on disposal of investments	—	692
Unrealized gross profit on sales	1,262	195
Impairment loss	—	12,667
Changes in operating assets and liabilities		
Increase in contract assets	(213,922)	(168,297)
Increase in notes receivable	(17,443)	(38,202)
Decrease (increase) in notes receivable from related parties	(3,504)	613
Increase in accounts receivable	(490,230)	(1,143,432)
Decrease (increase) in accounts receivable from related parties	5,708	(22,017)
Decrease in other receivables	14,722	102,609
Increase in inventories	(800,396)	(479,687)
Increase in prepayments	(3,869)	(26,145)
Decrease (increase) in other current assets	(1,288)	4,833
Increase in net defined benefit asset	(10)	(4)
Changes in financial instruments at fair value through profit or loss	8,593	(146)
Increase in contract liabilities	476,717	47,500
Increase in notes payable	53,570	1,025
Decrease in notes payable to related parties	—	(6,048)
Increase in accounts payable	596,288	412,636
Increase (decrease) in accounts payable to related parties	(42,778)	87,324
Increase in other payables	130,076	24,400
Decrease in short-term onerous contracts provision	—	(1,571)
Increase (decrease) in other current liabilities	1,264	(3,634)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in net defined benefit liabilities	\$ (14,793)	\$ (19,794)
Cash inflow (outflow) generated from (used in) operations	298,278	(774,821)
Income tax paid	(73,238)	(40,972)
Net cash generated from (used in) operating activities	<u>225,040</u>	<u>(815,793)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through profit or loss	—	(3,030)
Proceeds from disposal of financial assets at fair value through profit or loss	—	3,209
Acquisition of financial assets at fair value through other comprehensive income	(48,558)	(33,910)
Proceeds from disposal of financial assets at fair value through other comprehensive income	18,254	13,226
Acquisition of property, plant and equipment	(199,028)	(306,614)
Proceeds from disposal of property, plant and equipment	—	871
Acquisition of intangible assets	(1,294)	(2,638)
Decrease (increase) in prepayments for equipment	4,999	(5,719)
Increase in refundable deposits	(55,750)	(24,850)
Decrease (increase) in other receivables	500	(59,714)
Interest received	4,341	3,124
Cash dividend received	53,707	33,295
Net cash flows used in investing activities	<u>(222,829)</u>	<u>(382,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	13,050,899	8,199,910
Decrease in short-term loans	(12,678,357)	(7,105,087)
Increase in long-term loans	5,760	160,250
Decrease in long-term loans	(7,669)	(2,249)
Increase (decrease) in guarantee deposits	(38)	30
Interest paid	(27,914)	(13,497)
Repayment of the principal portion of lease liabilities	(4,219)	(4,652)
Cash dividends paid	(181,509)	(151,682)
Cash capital increase	8,377	3
Others	(4)	(139)
Net cash flows generated from financing activities	<u>165,326</u>	<u>1,082,887</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>3,223</u>	<u>(1,744)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	170,760	(117,400)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	499,304	616,704
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 670,064</u>	<u>\$ 499,304</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2023)

Agenda 2: Proposed by Board of Directors

Subject: Approval of the Company's 2022 Profit Distribution Proposal.

Illustration: (1) The Company's profit after tax in 2022 was NT\$508,831,470, and the Profit Distribution Proposal was as follows.

Allis Electric Co., Ltd
2022 Profit Distribution Table

Unit: NT\$

Items	Amount
Beginning undistributed earnings	150,471,255
Plus (less): Reversal of Special Reserve	803,244
2022 Remeasurements of Defined Contribution Plan	29,164,265
Disposal of equity instruments measured at FVTOCI	7,321,893
Adjusted retained earnings not subscribed per shareholding ratio	(3,235,652)
Net profit after tax	508,831,470
Subtotal	693,356,475
Listing items:	
Legal reserve	54,288,522
Subtotal of the distributable earnings	639,067,953
Distribution items:	
Bonuses for shareholders:	
Cash dividends (NT\$1.00 per share)	239,743,005
Stock dividends (NT\$0.30 per share)	71,922,900
Total	311,665,905
Ending undistributed earnings	327,402,048

Chairman: Sung, He-Yeh

Manager: Cheng, Chao-Pin

Accounting Supervisor: Chan, I-Yuan

(2) The ex-dividend date for cash dividends is planned to be set by the Chairman of the Board of Directors with authorization after the proposal is approved at the 2023 Regular Shareholders' Meeting. The cash dividends are calculated on the basis of the distribution ratio up to NT\$, with the amount below NT\$1 under this dividend distribution in cash shall be paid to the Employee Benefit Committee.

Resolution:

Discussion Matters

Agenda 1: Proposed by the Board

Subject: Discussion on the Company' plan to Surplus earning distribution in the form of new shares

- Illustration: (1) In order to increase working capital, the Company plans to transfer NT\$71,922,900 from the surplus earning distribution earnings in 2022 and issue 7,192,290 shares of common stock.
- (2) The bonuses for the shareholders of common stock are calculated based on the shareholders and their shareholding ratio as recorded in the shareholders' register on the base date of the capital increase and dividend issuance, and 30 shares are allotted without compensation for every 1,000 shares. If the dividend is less than one share, the shareholder may apply to the Company's stock agent for consolidation within five days after the base date of the capital increase and dividend issuance. If the consolidation is overdue or if the dividend is still less than one share after consolidation, the fractional shares shall be converted to cash at par value up to NT\$1 (rounded down to NT\$1) in accordance with Article 240 of the Company Act, and the shareholders' meeting shall authorize the Chairman to negotiate with a specific person to subscribe for the shares at par value.
- (3) The Board of Directors will determine the base date for surplus earning distribution in the form of new shares after the shareholders' meeting has approved and submitted the proposal to the competent authority for approval; if there is any actual need or when the competent authority approves the necessary changes, the Board of Directors will be authorized to handle the matter at its sole discretion.
- (4) The new shares issued after the capital increase are issued in a non-physical form, and their rights and obligations are the same as those of the common shares originally issued by the Company.

Resolution:

Agenda 2: Proposed by the Board

Subject: Discussion about amendment to certain clauses of the Company's Procedures for Election of Directors.

Illustration: In accordance with the Company Act and legislative regulations, it is proposed to amend certain clauses of the Company's Procedures for Election of Directors as follows:
Amended Clauses of the Procedures for Election of Directors

After Amendment	Current Clause	Remarks
<u>Title: Procedures for Election of Directors</u>	<u>Title: Procedures for Election of Directors</u>	Amendment in accordance with regulations of the competent authority
Article 6 (deleted)	<u>Article 6</u> <u>When the candidate is a shareholder, the elector shall fill out the "candidate" column in the ballot with the candidate's account number together with its shareholder account number. If the candidate is not a shareholder, the candidate's name and ID number should be specified. However, if the candidate is a government or corporate shareholder, the candidate column in the ballot shall be completed with the name of the government or corporation. Alternatively, the name of the government or corporation and its representative's name may also be indicated. If there are multiple representatives, each representative's name shall be indicated.</u>	Deletion in accordance with legislation
<u>Article 6</u> A ballot is invalid under any of the following circumstances: (1) The ballot was not <u>prepared by a person with the right to convene.</u> (2) A blank ballot is placed in the ballot box. (3) The writing is unclear and indecipherable or has been altered. (4) The candidate whose name is entered in the ballot does not conform to <u>the director candidate list.</u> (5) Other words or marks are entered in addition to <u>the number of voting rights allotted.</u>	<u>Article 7</u> A ballot is invalid under any of the following circumstances: (1) The ballot was not prepared in accordance with these Procedures. (2) A blank ballot is placed in the ballot box. (3) The writing is unclear and indecipherable or has been altered. (4) When the candidate is a shareholder, the account name or shareholder account name is inconsistent with the shareholders register. When the candidate is not shareholder, the name or ID number is inconsistent. (5) Other words or marks are entered in addition to the candidate's name and shareholder account number or ID number. (6) <u>The name of the candidate is the same as another shareholder and the shareholder account name or ID number is not listed for identification.</u> (7) <u>Two (inclusive) or more candidates are listed in the same ballot.</u>	Amendment and change of article number in accordance with legislation
<u>Article 7 (omitted)</u>	<u>Article 8 (omitted)</u>	Change of clause number
<u>Article 8 (omitted)</u>	<u>Article 9 (omitted)</u>	Change of clause number
<u>Article 9 (omitted)</u>	<u>Article 10 (omitted)</u>	Change of clause number
<u>Article 10</u> These Procedures were established on 11 May 1990... (omitted)... The third amendment was made on 21 June 2017. <u>The fourth amendment was made on 21 June 2023.</u> These Procedures are implemented after approval by shareholders' meeting.	<u>Article 11</u> These Procedures were established on 11 May 1990... (omitted)... The third amendment was made on 21 June 2017. These Procedures are implemented after approval by shareholders' meeting.	Date of amendment added and change of clause number

Resolution:

Elections

Proposed by the Board

Subject: Re-election of the Company's directors.

Illustration:

- (1) The term of the current directors will expire on 22 June 2023 and a full re-election is proposed in the 2023 general shareholders' meeting.
- (2) According to the Company's Articles of Association, it is proposed that 12 directors be elected (including 3 independent directors), who shall start their term immediately after the shareholders' meeting and serve a term of 3 years from 21 June 2023 to 20 June 2026.
- (3) The directors shall be elected under the candidate nomination system. Shareholders shall elect directors and independent directors from director/independent director candidate list. The director (including independent director) candidate list has been reviewed and approved by the board of directors on 14 March 2023. The candidate list is enclosed (pages 33-36 of this Handbook).

Election Results:

List of Candidates Nominated for Directors (including Independent Directors)

Type of Candidates	Name of Candidates	Education Background	Experience	Occupation	No. of Shares (Unit: Share)
Director	Huide Industrial Co., Ltd. Representative: Sung He-Yeh	University of Southern California	Chairman of Le Min Industrial Co., Ltd. Director of Allis Communications Co., Ltd. Director of AEC International S.r.l Director of Nissin Allis Union Ion Equipment Co., Ltd. Director of Nissin-Allis Electric Co., Ltd. Director of TranSystem Incorporated Independent Director of ABICO NetCom Co., Ltd. Independent Director of Zig Sheng Industrial Co., Ltd.	Chairman of Allis Electric Co., Ltd.	9,536,828
Director	Cheng Chao-Pin	National Taipei Institute of Technology Graduate Institute of Management, National Taiwan University of Science and Technology	Chairman of Ares Technology Co., Ltd Director of Qingdao Hengyuan Yali Electric Co., Ltd. Director of Tangeng Advanced Vehicles Co., Ltd. Supervisor of Nissin-Allis Electric Co., Ltd Director of Air King Industrial Co., Ltd Director of Le Min Industrial Co., Ltd Director of Nissin-Allis Electric Co., Ltd Supervisor of Allis Communications Co., Ltd. Supervisor of Taiwan Marine Electric Co., Ltd.	Assistant Chairman and General Manager of Allis Electric Co., Ltd.	452,942
Director	Zhenrui Investment Co., Ltd. Representative: Yang Chen-Tung	National Taipei Institute of Technology		Director of Allis Electric Co., Ltd.	4,288,895

Type of Candidates	Name of Candidates	Education Background	Experience	Occupation	No. of Shares (Unit: Share)
Director	Li, Wen	Fu Jen Catholic University	Chairman of Yishun Investment Co., Ltd. Director of Ares Technology Co., Ltd Director of Allis Communications Co., Ltd. Director of Nissin Allis Union Ion Equipment Co., Ltd. Supervisor of Air King Industrial Co., Ltd Chairman of ALLIS ELECTRIC(S) PTE.LTD.	Director of Allis Electric Co., Ltd.	619,410
Director	Chen, Wen-Chin	National Taipei Institute of Technology	Chairman of Taiwan Marine Electric Co., Ltd.	Director and Senior Assistant General Manager of Allis Electric Co., Ltd.	154,187
Director	Chen, Ming-Sheng	Soochow University	Director of Air King Industrial Co., Ltd Director of Le Min Industrial Co., Ltd	Director of Allis Electric Co., Ltd.	5,348,308
Director	Du-Du Investment Co., Ltd. Representative: Sung, Wen-Yeh	Pepperdine University	Chairman of Allis Communications Co., Ltd.	Director of Allis Electric Co., Ltd.	7,103,593
Director	Cho, Shu-Chi	Ming Chuan University	Supervisor of Allis Electric Co., Ltd.	Director of Allis Electric Co., Ltd. Chairman of Yu San Electric Co., Ltd. Chairman of PROLITECH CORP.	2,472,700
Director	Lo, Shui-Lung	Yi Ming Senior High School	PAI POLE ENTERPRISE CO., LTD.	Director of Allis Electric Co., Ltd.	1,933,233
Independent Director	Wu, Ying-Chin	DEng in Naval Architecture and Marine Engineering, University of Michigan, USA MSc in Computer, Information and Control Engineering, University of Michigan, USA MSc in Naval Architecture and Marine Engineering, University of Michigan, USA MSc in Aeronautics & Astronautics, University of Washington, USA	Professor of Electrical Engineering and Dean of College of EECS of Chien Hsin University of Science and Technology Chief of Staff / CTO of HOSONIC ELECTRONIC CO., LTD. CTO of Bestec Power Electronics Co., Ltd. and Head of Bestec Power (Dongguan) Electronics Co., Ltd. Head of Chungwa Picture Tubes Central R&D Labs / Assistant General Manager of TFT Business Development Department Opti-UPS General Manager, USA Assistant Chairman of Jingying Management Consulting Co., Ltd.	Independent Director of Allis Electric Co., Ltd.	0

Type of Candidates	Name of Candidates	Education Background	Experience	Occupation	No. of Shares (Unit: Share)
		Bachelor of Engineering in Mechanical Engineering, Chung Cheng Institute of Technology, NDU	Advisor of Business Development Department of Zhejiang Hangzhou Fengdian Industrial Co., Ltd. Head of Energy Conversation Center of Industrial Technology Research Institute Associate Professor of Chung Cheng Institute of Technology, NDU		
Independent Director	Huang, Jui-Hsiang	Institute of Accounting, National Chengchi University Department of Accounting, National Chengchi University	Assistant Audit Manager of KPMG Manager of Huichung CPAs Firm General Manager of DINKUM & CO., CPAS	Independent Director of Allis Electric Co., Ltd. General Manager of Feida Enterprise Management Co., Ltd. Director of IVES OPTOELECTRONICS CO., LTD Independent Director of IBF Securities Co., Ltd. Supervisor of C SSP INC. Supervisor of FASPRO SYSTEMS CO., LTD. Independent Director of Tze Shin International Co., Ltd.	0
Independent Director	Hu, Hsiang-Chi	International Business, National Taiwan University Department of Electrical Engineering, National Taiwan University	Engineer of National Chung-Shan Institute of Science & Technology IBM Sales representative / Management advisor Chairman / General Manager of CHIPCERA TECHNOLOGY CO., LTD. General Manager of Global Sales of YAGEO Corporation	Independent Director of Allis Electric Co., Ltd. Chairman of ABICO NetCom Co., Ltd. Chairman of JABON INTERNATIONAL CO.,LTD. Chairman of JABON PRECISION CO., LTD. Chairman of EKEEN PRECISION CO., LTD. Chairman of TransSystem Incorporated Chairman of ABICO OneVenture Capital Co., Ltd. Director of Abico Asia Capital Co., Ltd. Director of ABICO AVY CO., LTD. Director of ABILITY ENTERPRISE CO., LTD. Independent Director of JSL CONSTRUCTION & DEVELOPMENT CO., LTD. Person in charge of IKKA HOLDING(CAYMAN) LIMITED	0

Other Agenda

Proposed by the Board

Subject: Release of non-competition restriction on newly elected directors and their representatives.

Illustration:

- (1) According to Article 209 of the Company Act, “when a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (2) As required for its business, the directors of the Company need to engage in acts within the Company’s scope of business for themselves or for others. Therefore, in accordance with Article 209 of the Company Act, it is proposed that the shareholders’ meeting release non-competition restrictions on the newly elected directors and their representatives through resolution.
- (3) Since the directors and independent directors of the Company are elected under the candidate nomination system and in order to facilitate shareholders’ exercise of voting rights in electronic manner, the details about the release of non-competition restriction are disclosed below in the director/independent director candidate list. After the directors and independent directors are elected by the general shareholders’ meeting, the Details about Release of Non-Competition Restriction for Elected Directors (including Independent Directors) Approved by 2023 General Shareholders’ Meeting will be disclosed onsite in the general shareholders’ meeting.

Type of Nominees	Name of Nominees	Concurrent Position
Director	Huide Industrial Co., Ltd. Representative: Sung, He-Yeh	Chairman of Le Min Industrial Co., Ltd. Director of Allis Communications Co., Ltd. Director of Nissin-Allis Electric Co., Ltd. Director of Nissin Allis Union Ion Equipment Co., Ltd. Director of TranSystem Incorporated Independent Director of ABICO NetCom Co., Ltd. Independent Director of Zig Sheng Industrial Co., Ltd.
Director	Cheng, Chao-Pin	Chairman of Ares Technology Co., Ltd Chairman of Qingdao Hengyuan Yali Electric Co., Ltd. Director of Tangeng Advanced Vehicles Co., Ltd.
Director	Zhenrui Investment Co., Ltd. Representative: Yang, Chen-Tung	Director of Air King Industrial Co., Ltd Director of Le Min Industrial Co., Ltd Director of Nissin-Allis Electric Co., Ltd
Director	Li, Wen	Director of Ares Technology Co., Ltd Director of Allis Communications Co., Ltd. Director of Nissin Allis Union Ion Equipment Co., Ltd.
Director	Chen, Wen-Chin	Chairman of ALLIS ELECTRIC(S) PTE.LTD.
Director	Chen, Ming-Sheng	Chairman of Taiwan Marine Electric Co., Ltd. Director of Air King Industrial Co., Ltd Director of Le Min Industrial Co., Ltd
Director	Du-Du Investment Co., Ltd. Representative: Sung, Wen-Yeh	Chairman of Allis Communications Co., Ltd.
Director	Cho, Shu-Chi	Chairman of YU SAN ELECTRIC CO., LTD. Chairman of PROLITECH CORP.
Independent Director	Huang, Jui-Hsiang	Director of IVES OPTOELECTRONICS CO., LTD Independent Director of Tze Shin International Co., Ltd.
Independent Director	Hu, Hsiang-Chi	Chairman of TranSystem Incorporated Chairman of EKEEN PRECISION CO., LTD. Chairman of JABON PRECISION CO., LTD. Chairman of JABON INTERNATIONAL CO.,LTD. Chairman of ABICO OneVenture Capital Co., Ltd. Chairman of ABICO NetCom Co., Ltd. Director of Abico Asia Capital Co., Ltd. Director of ABICO AVY CO., LTD. Director of AVY Precision Technology INC. Director of ABILITY ENTERPRISE CO., LTD. Independent Director of JSL CONSTRUCTION & DEVELOPMENT CO., LTD.

Resolution:

Extraordinary Motions

Adjournment

Appendices

Appendix 1

Allis Electric Co., Ltd.

Number of shares owned by directors

Reference date: April 23, 2023

Position	Name	Number of shares held when being elected	Number of shares held as of the book closure date for the shareholders' meeting
Chairman	Huide Industrial Co., Ltd. Representative: SUNG, HE-YEH	6,070,653	9,536,828
Vice Chairman	CHENG, CHAO-PIN	376,974	452,942
Director	Chen-Jui Investment Co., Ltd. Representative: YANG, CHEN-TUNG	3,704,910	4,288,895
Director	LI, WEN	629,132	619,410
Director	CHEN, WEN-CHIN	127,752	154,187
Director	CHEN, MING-SHENG	8,306,735	5,348,308
Director	Du-Du Investment Co., Ltd. Representative: SUNG, WEN-YEH	6,136,352	7,103,593
Director	CHO, SHU-CHI	2,159,336	2,472,700
Director	LO, SHUI-LUNG	1,670,000	1,933,233
Independent Director	WU, YING-CHIN	0	0
Independent Director	HUANG, JUI-HSIANG	0	0
Independent Director	HU, HSIANG-CHI	0	0
Total of the shares held by all directors		29,181,844	31,910,096
The minimum number of shares shall be held by all directors in accordance with related laws and regulations.			12,000,000
Outstanding shares of the Company			239,743,005

Appendix 2

ALLIS ELECTRIC CO., LTD.

Rules of Procedure for Shareholders Meetings

Revised on Jun.19, 2012

1. The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
2. Attending shareholders (or proxies) are required to wear their attendance cards and hand in their attendance cards to sign in. The number of shares present will be calculated based on the attendance card paid.
3. Attendance and voting at a shareholders meeting shall be calculated based the number of shares.
4. 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.
5. 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 in person and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If the chairman is on leave or unable to perform his duties, the chairman shall designate on director to act as the chair. If the chairman does not make such designation, the directors shall elect one person from among themselves to act as the chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
6. 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. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
7. 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.
Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
Unless any of the following circumstances is satisfied, the board of directors of the company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders:
 - (1) Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders;
 - (2) Where the number of shares of the company in the possession of the shareholder making the said proposal is less than one percent (1%) of the total number of outstanding shares at the time when the share transfer registration is suspended by

the company in accordance with the provisions set out in Paragraph II or Paragraph III, Article 165 of this Act;

- (3) Where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

8. The Company shall record with an audio or video tape the whole proceedings of the shareholders meeting, and said video tape or audio tape shall be kept for at least one year.
9. The Chair shall call the meeting to order at the appointed meeting time, unless the required quorum is not met at the appointed meeting time. The Chair may announce a postponement a maximum of two times, for a combined total of no more than one hour. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act (tentative resolution with the majority votes represented in a meeting). When, prior to conclusion of the meeting, the attending shareholders represent the quorum required, the Chair may immediately call the meeting to order and resubmit a tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
10. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order outlined in the agenda, which may not be changed without resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect a new Chair with a majority of the votes they represent and continue the meeting. After a meeting is adjourned, no shareholder shall elect another Chair to continue the meeting in the same address or any other location.
11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair. When a shareholder has the floor, the Chair shall stop any prohibited interruptions.
12. 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 five minutes. If the shareholder's speech violates the rules and exceeds the time indicated in the preceding paragraph, the Chair may terminate the speech.
13. When a juristic person is appointed to attend as proxy, only one person may be designated to represent them in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives

appointed may speak on the same proposal.

14. After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.
15. 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, and schedule sufficient time for voting.
16. Vote monitoring and counting personnel when voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel are shareholders of the Company. Voting results shall be made known on-site immediately and recorded in writing.
17. When a meeting is in progress, the Chair may announce a break when appropriate.
18. 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, if the Chair enquires all persons present and if there is no dissenting opinion, the proposal shall be deemed approved with the same effect as approval by votes. Except under the circumstances of Article 157, Paragraph 3, a shareholder shall have one vote per share in their possession.

Shares shall have no voting power under any of the following circumstances:

- (1) The share(s) of a company are held by the issuing company itself in accordance with the laws.
 - (2) The shares of a holding company are held by its subordinate company, where the total number of voting shares or total shares equity held by the holding company in such subordinate company represents more than one half of the total number of voting shares or the total shares equity of such subordinate company.
 - (3) The shares of our company and its subordinate company(ies) are held by another company, where the total number of shares or total shares equity of that company held by the holding company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such company.
19. When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals shall then be deemed rejected, and no further voting shall be required.
 20. The Chair may direct 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 have on their person an identification card or armband bearing the word "Proctor".
 21. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chair of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting.

The preparation and distribution of the minutes of a shareholders' meeting as required in the preceding paragraph may be through public announcements. The minutes of a shareholders' meeting shall record the date and place of the meeting, the name of the Chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be retained throughout the life of the company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of proxies shall be retained by the company for a minimum of one year.
 22. These Rules shall take effect after submission to the Board Meeting and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3

Allis Electric Co., Ltd

Procedures for Election of Directors

- Article 1: Elections of directors of the Company shall be conducted in accordance with these Procedures.
- Article 2: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3: The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 4: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 5: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 6: When the candidate is a shareholder, the elector shall fill out the "candidate" column in the ballot with the candidate's account number together with its shareholder account number. If the candidate is not a shareholder, the candidate's name and ID number should be specified. However, if the candidate is a government or corporate shareholder, the candidate column in the ballot shall be completed with the name of the government or corporation. Alternatively, the name of the government or corporation and its representative's name may also be indicated. If there are multiple representatives, each representative's name shall be indicated.
- Article 7: A ballot is invalid under any of the following circumstances:
- (1) The ballot was not prepared in accordance with these Procedures.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered.
 - (4) When the candidate is a shareholder, the, the account name or shareholder account name is in consistent with the shareholders register. When the candidate is not shareholder, the name or ID number is inconsistent.
 - (5) Other words or marks are entered in addition to the candidate's name and shareholder account number or ID number.
 - (6) The name of the candidate is the same as another shareholder and the shareholder account name or ID number is not listed for identification.
 - (7) Two (inclusive) or more candidates are listed in the same ballot.
- Article 8: The voting rights shall be calculated on site immediately after the end of the poll,

and the results of the calculation.

Article 9: The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 10: Anything that is not stipulated in these Procedures shall be governed by the Company Act and applicable laws.

These Procedures, including any amendment hereto, are implemented after approval by general shareholders' meeting. Anything that is not stipulated in these Procedures shall be governed by the Company Act and applicable laws.

Article 11: These Procedures were established on 11 May 1990... (omitted)... The third amendment was made on 21 June 2017. These Procedures are implemented after approval by shareholders' meeting.

Appendix 4

ALLIS ELECTRIC CO., LTD.

Article of Incorporation

Chapter 1 General Rules

- Article 1. The Company is organized according to the provisions of the Company Act. The name of the Company is registered as ALLIS ELECTRIC CO., LTD.
- Article 2. The business scope of the Company is as follows:
- (1) CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
 - (2) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 - (3) CA02010 Manufacture of Metal Structure and Architectural Components
 - (4) CD01020 Rail Vehicle and Parts Manufacturing
 - (5) CA02080 Metal Forging
 - (6) CA02990 Other Metal Products Manufacturing
 - (7) CB01030 Pollution Controlling Equipment Manufacturing
 - (8) CC01060 Wired Communication Mechanical Equipment Manufacturing
 - (9) CC01070 Wireless Communication Mechanical Equipment Manufacturing
 - (10) CC01080 Electronics Components Manufacturing
 - (11) CC01090 Manufacture of Batteries and Accumulators
 - (12) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - (13) CC01110 Computer and Peripheral Equipment Manufacturing
 - (14) E501011 Tap Water Pipelines Contractors
 - (15) E601010 Electric Appliance Construction
 - (16) E601020 Electric Appliance Installation
 - (17) E602011 Refrigeration and Air Conditioning Engineering
 - (18) E603040 Fire Safety Equipment Installation Engineering
 - (19) E603050 Automatic Control Equipment Engineering
 - (20) E603080 Traffic Signs Installation Engineering
 - (21) E605010 Computer Equipment Installation
 - (22) E701040 Simple Telecommunications Equipment Installation
 - (23) E701040 Simple Telecommunications Equipment Installation
 - (24) E903010 Anti-Corrosion and Anti-Rust Engineering
 - (25) F113010 Wholesale of Machinery
 - (26) F113020 Wholesale of Electrical Appliances
 - (27) F113030 Wholesale of Precision Instruments
 - (28) F113070 Wholesale of Telecommunication Apparatus
 - (29) F113110 Wholesale of Batteries
 - (30) F119010 Wholesale of Electronic Materials
 - (31) F213010 Retail Sale of Electrical Appliances
 - (32) F213040 Retail Sale of Precision Instruments
 - (33) F213060 Retail Sale of Telecommunication Apparatus

- (34) F213080 Retail Sale of Machinery and Tools
- (35) F219010 Retail Sale of Electronic Materials
- (36) F401010 International Trade
- (37) I301010 Information Software Services
- (38) I301020 Data Processing Services
- (39) I301030 Electronic Information Supply Services
- (40) IG03010 Energy Technical Services
- (41) JA02990 Other Repair
- (42) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2.1. The Company may provide a guarantee to an external institution according to business needs.

Article 2.2. When the Company is a limited liability shareholder of another company, the total amount of transferred investments shall not exceed 40% of the Company's paid-in capital under Article 13 of the Company Act.

Article 3. The Corporation's head office is located in Taipei City and branch offices may be set up within and outside the territory of the Republic of China as necessary.

Article 4. Public announcements of the Corporation shall be made in accordance with the Article 28 of the Company Act.

Chapter 2 Shares

Article 5. The Company's capital is set at NT\$3.5 billion, divided into 350 million shares at NT\$10 per share, with unissued shares authorized to be issued by the Board of Directors in installments as necessary.

Article 6. The Company's shares are issued in registered form with the signatures or seals of three or more directors of the Company, and are issued with a certification in accordance with the law. The shares issued by the Company are exempted from the requirement to print share certificates, and shall be registered at the centralized securities depository.

Article 7. The Company's stock transactions are handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies issued by the competent authorities.

Chapter 3 Shareholders' Meeting

Article 8. A Company shareholders' meeting shall be convened at least once a year, within six months after the end of each fiscal year, and, if necessary, as an extraordinary meeting of shareholders in accordance with the law.

Article 9. Regular and extraordinary meetings of shareholders shall be convened in accordance with the provisions of the Company Act.

Article 10. Except in circumstances otherwise provided for in the Company Act, Company shareholders shall have one voting power in respect of each share in their possession.

Shares have no voting power under any of the following circumstances:

- (1) The shares of a company are held by the issuing company itself in accordance

with the laws.

- (2) The shares of a company are held by its subordinate company, where the total number of voting shares or total shares equity held by the company in such subordinate company represents more than one half of the total number of voting shares or the total shares equity of such subordinate company.
- (3) The shares of a company and its subordinate company(ies) are held by another company, where the total number of shares or total shares equity of that company held by the company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such company.

Article 11. Resolutions at a shareholders' meeting shall, unless otherwise provided for in this Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12. A shareholder may appoint a proxy to attend a shareholders' meeting in accordance with the Company Law and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" published by the competent authorities by issuing a proxy form issued by the Company, stating the scope of authorization.

Article 13. If a shareholders' meeting is called by the Board of Directors, the Board Chairman shall preside at said shareholders' meeting. If the Chairman is on a leave of absence, or cannot exercise their powers and authority, the Vice-Chairman shall act in their stead. If there is no Vice-Chairman, or the Vice-Chairman is also on a leave of absence, or cannot exercise their powers and authority, the Chairman shall designate a managing director to act in their stead; if there is no managing director, the Chairman shall designate a director to act in their stead. the Chairman does not designate a director, the managing directors or directors shall elect one from among themselves to act in the Chairman's stead. If a shareholders' meeting is called by any person than the Board of Directors, who has the right to call the meeting, said person shall preside at that meeting. If there are more than two conveners, one of them shall be elected from among themselves.

Article 13-1 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chair of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The distribution of the minutes of the shareholders' meeting as required in Paragraph 1 of this Article may be effected by means of a public notice.

Chapter 4 Director and Manager

Article 14. The Board of Directors of a company shall appoint 9-13 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity for a term of three years and are eligible for re-election. The percentage of shareholdings of all the directors selected in accordance with Paragraph 1 is subject to the provisions separately prescribed by the competent authority in charge of securities affairs and such provisions shall prevail. The number of

independent directors of the Company shall not be less than three (at least one of whom shall have accounting or financial expertise) and shall not be less than one-fifth of the number of directors.

Article 15. If a candidate nomination system is adopted by a company to elect directors of the company from a list of candidates in accordance with the provisions of Article 192-1 of the Company Act, independent and non-independent directors may be elected at the same time, but in separately calculated numbers.

The professional qualifications, shareholdings, restrictions on concurrent employment, nomination and election of independent directors and other matters to be followed shall comply with applicable regulations of the security's competent authority.

Article 16. The power and duty of the Board of Directors are as follows:

- (1) Convene shareholders' meetings and execute their resolutions.
- (2) Decide on business plans.
- (3) Review and approval of various articles of incorporation and important contracts.
- (4) Approve the acquisition and disposal of the Company's significant assets.
- (5) Decisions on key personnel of the Company.
- (6) Decisions to abolish or change the establishment of branches, business premises, or plants.
- (7) Preparation and review of budget and operating reports.
- (8) Decisions on other important matters.

Article 17. The Board of Directors shall be composed of a Chairman and a Vice-Chairman elected by the directors from among themselves, who shall represent the Company externally and preside over important affairs. If the Chairman of the Board is unable to exercise their power or authority for any reason, the Vice-Chairman of the Board shall act as their proxy. If both the Chairman and Vice-Chairman are unable to exercise their duties and responsibilities for any reason, the Chairman shall designate a director to act as their proxy; if the Chairman does not designate a proxy, the directors shall elect one from among themselves to act as proxy.

Article 18. Board meetings shall be convened by the Chairman of the Board of Directors. Notice of convening a meeting may be given in writing, by e-mail or by facsimile, stating the reason for the meeting, and shall be given to each director seven days in advance. However, in case of an emergency, the meeting may be convened at any time. Unless otherwise provided by law, a resolution of the Board of Directors shall be made with the presence of one-half of the directors and the approval of a majority of the directors present. A director may appoint another director to attend a board meeting as a proxy in accordance with the law, but the proxy may only be appointed by one person.

Article 19. The Company may set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall be formed by all independent directors.

The number, term of office, terms of reference, and rules of procedure of the Audit

Committee shall be determined in accordance with the relevant provisions of the Regulations Governing the Exercise of Powers and Functions by the Audit Committee of Public Companies, and shall be governed by the Rules of Organization of the Audit Committee.

- Article 20. All directors are entitled to be paid at the same rate as their peers, and employees are paid salaries and allowances regardless of the Company's profit or loss. The compensation of the Chairman, Vice-Chairman and Directors shall be determined by the Board of Directors based on the extent of their participation in the Company's operations and the value of their contributions, taking into account industry standards.
- Article 21. The Company has a general manager to manage the affairs of the Company by resolution of the Board of Directors, and a number of vice-presidents are assigned to assist the general manager in the management of the Company's affairs. The general manager shall be appointed and removed by a majority of the Board of Directors present, except that a majority of the Directors present shall approve the appointment and removal of the general manager. Vice-presidents and the general manager are proposed to the Board of Directors for appointment and removal. Compensation is authorized to be determined by the Board of Directors based on the extent of their participation in and value of their contributions to the Company's operations and with reference to industry standards.
- Article 22. Other employees of the Company shall be appointed and removed by the president and shall be reported to the Board of Directors for approval.

Chapter 5 Accounting

- Article 23. The Company's fiscal year begins on January 1 and ends on December 31 each year, and accounts are finalized at the end of the year.
- Article 24. At the end of each fiscal year, the Board of Directors of the Company shall prepare (1) the business report, (2) the financial statements and (3) the surplus earning distribution or loss off-setting proposals and shall submit them to the regular shareholders' meeting for recognition according to law.
- Article 25. If the Company makes a profit in a year, 4% of the profit shall be set aside for employee compensation; directors' compensation shall be limited to no more than 2%. However, if the Company has accumulated losses, the amount of compensation shall be reserved in advance.
- Article 25-1 If the Company makes surplus profits according to its annual final accounts, it shall first pay taxes and dues, make up for any accumulated losses, set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Aside from the aforesaid legal reserve, the Company may appropriate another sum as a special reserve in accordance with the law. If there are still a balance and accumulated undistributed surplus, the Board of Directors may make a surplus distribution proposal to the shareholders' meeting for a resolution to distribute the dividends to the shareholders. The Company is in a volatile industry and is in a stable growth phase of its corporate lifecycle. Based on long-term financial planning, future capital needs,

and to meet shareholders' needs for cash inflow, the Company's dividend policy is to pay dividends in the form of cash or stock dividends after considering capital surplus, retained earnings and future profitability. Since the Company is localized and in a matured industry, the capital consideration is to develop in a stable manner. Cash dividends are preferred over stock dividends, but the percentage of stock dividends shall not exceed 50% of the total dividends.

Chapter 6 Supplementary

- Article 26. The Company's by-laws and regulations are subject to separate rules and regulations.
- Article 27. Any matters not covered by the Articles of Incorporation shall be governed by the provisions of the Company Act and other relevant laws and regulations.
- Article 28. The Article was established on Aug. 9, 1968.
1st amendment was made on Sep. 14, 1968.
2nd amendment was made on Nov. 15, 1969.
3rd amendment was made on Aug. 1, 1970.
4th amendment was made on Jun. 29, 1973.
5th amendment was made on May 20, 1974.
6th amendment was made on Apr. 24, 1975.
7th amendment was made on May 29, 1976.
8th amendment was made on Aug. 14, 1977.
9th amendment was made on Jun. 30, 1978.
10th amendment was made on May 26, 1979.
11th amendment was made on Aug. 30, 1979.
12th amendment was made on Jan. 13, 1981.
13th amendment was made on May 15, 1981.
14th amendment was made on Jun. 11, 1982.
15th amendment was made on May 20, 1985.
16th amendment was made on Oct. 19, 1985.
17th amendment was made on Dec. 18, 1985.
18th amendment was made on Jul. 22, 1987.
19th amendment was made on Jun.17, 1988.
20th amendment was made on Jul. 15, 1989.
21st amendment was made on Aug. 20, 1989.
22nd amendment was made on May 11, 1990.
23rd amendment was made on May 16, 1991.
24th amendment was made on Jun. 26, 1992.
25th amendment was made on May 20, 1994.
26th amendment was made on May 31, 1995.
27th amendment was made on Apr. 19, 1997.
28th amendment was made on May 6, 1998.
29th amendment was made on May 14, 1999.
30th amendment was made on May 3, 2000.
31st amendment was made on Jun. 13, 2001.

32nd amendment was made on Jun. 20, 2002.
33rd amendment was made on Jun. 24, 2003.
34th amendment was made on Jun. 22, 2005.
35th amendment was made on Jun. 23, 2006.
36th amendment was made on Jun. 19, 2008.
37th amendment was made on Jun. 19, 2012.
38th amendment was made on Jun. 20, 2013.
39th amendment was made on Jun. 17, 2015.
40th amendment was made on Jun. 22, 2016.
41st amendment was made on Jun. 21, 2017.
42nd amendment was made on Jul. 13, 2021.
43rd amendment was made on Jun. 21, 2022, with effect from the passing of these resolutions proposed.

Chairman: SUNG, HE-YEH

Appendix 5

The effects of the stock dividends issued this time on the operating performance of the Company, earnings per share and the return on investment by shareholders.

Item		Year	2023 (Estimate)
Beginning paid-in capital			NT\$ 2,397,430,050
Dividends and Interests	Cash dividends per share (Note 1)		NT\$1.00
	Dividends per share after earnings were transferred to capital (Note 1)		0.03 Share
	Dividends per share after additional paid in capital were transferred to capital		-
Changes in Operating Performance	Operating profit		Note 2
	Increase (decrease) in operating profit compared with the same period last year		
	Net operating profit after tax		
	Increase (decrease) in net operating profit after tax compared with the same period last year		
	Earnings per share		
	Ratio of increase (decrease) in earnings per share compared with the same period last year		
	Average annual return on investment (reciprocal of average annual price-to-earnings ratio)		
Pro forma earnings per share and price-to-earnings ratio	If the earnings transferred to the capital are used for issuing cash dividends	Pro forma earnings per share (NT\$)	Note 2
		Pro forma average annual return on investment	
	If the capital reserve is not transferred to the capital	Pro forma earnings per share (NT\$)	
		Pro forma average annual return on investment	
	If the capital reserve is not transferred to the capital and the earnings transferred to the capital are used for issuing cash dividends	Pro forma earnings per share (NT\$)	
		Pro forma average annual return on investment	

Note 1: The information of the estimate of the dividends to be issued in 2023 was filled in based on the Profit Distribution Proposal approved by the resolution of the Board on March 29, 2023.

Note 2: The Company does not disclose its financial forecast for 2023, so this is not applicable.



ALLIS ELECTRIC CO.,LTD.