

Stock Code : 1514

2022 General Shareholders Meeting

Meeting Handbook



ALLIS ELECTRIC CO.,LTD.



Meeting Date: June 21, 2022

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

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Allis Electric Co., Ltd

2022 Regular Shareholders' Meeting Agenda

Date: June 21, 2022 (Tuesday) 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 2021 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 2021.
- (4) Report on the Audit Committee's review of the 2021 annual final accounting books and statements.

IV. Approval Matters

- (1) Approval of the Company's 2021 Business Report and Financial Statements
- (2) Approval of the Company's 2021 Profit Distribution Proposal

V. Discussions

- (1) Proposal for surplus profit distributed in the form of new shares.
- (2) Amendment of Articles of Incorporation

VI. Extemporaneous Motions

VII. Adjournment

Reported Matters

I. The Company's 2021 Business Report is submitted for review.

Business Report

Company operations in 2021 were as follows:

(1) Production:

Total production total costs in 2021 were NT\$4,581,055,000, an increase of 9.52% (+NT\$4,182,869,000) of the previous year (NT\$398,186,000), with comparisons by product as follows:

	2021	2020	Growth Rate %	
Electrical Products	1,317,155	864,344	+	52.39
Transformers	556,529	351,598	+	58.29
Electrical Equipment	628,119	807,612	-	22.23
Electronic Products	966,763	1,009,214	-	4.21
Materials	118,819	66,442	+	78.83
Engineering (With Installation)	991,601	1,073,598	-	7.64
Other	2,069	10,061	-	79.44
Total	4,581,055	4,182,869	+	9.52

(2) Operations

Total operating revenue of the year was NT\$5,390,995,000 (94.20% was domestic sales valued at NT\$5,078,526,000 and 5.80% was external sales valued at NT\$312,469,000), an increase of 7.55% (NT\$5,012,368,000) of that of the previous year of NT\$378,627,000, with comparisons by product as follows:

	2021	2020	Growth Rate %	
Electrical Products	1,457,654	981,519	+	48.51
Transformers	619,711	424,777	+	45.89
Electrical Equipment	830,414	1,054,210	-	21.23
Electronic Products	1,171,106	1,239,979	-	5.55
Materials	176,210	98,086	+	79.65
Engineering (With Installation)	1,124,065	1,199,486	-	6.29
Other	11,835	14,311	-	17.30
Total	5,390,995	5,012,368	+	7.55

(3) Profit:

Net income after tax of the fiscal year 2021 was NT\$361,521,000, an increase of 11.61% (NT\$323,925,000) of that of the fiscal year 2020 (NT\$37,596,000).

(4) General description in addition to operational policy, business summary, and development strategy of 2022:

1. General Description:

According to approximate statistics provided by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate of Taiwan in 2021 was 6.45%, ranking the top in global GDP growth rate. It's estimated that the economic growth rate in 2022 will be 4.42%, mainly because the export of goods is expected to continue growing, as well as overseas Taiwanese businesses returning home, investment and subsequent expansion of semiconductor factories, domestic

investment, and “The Forward-Looking Infrastructure Development Program” continuously promoted by the government. All of these factors are boosting overall economic growth momentum. However, the fact that the global COVID-19 pandemic has yet to be effectively controlled, and there is a China–United States trade war and Ukraine-Russia conflict, both of which disrupt the world financial order, the fiscal and monetary policies of every country will continue to be affected. These factors have caused disruption to supply chains and inflation as well as harming global economic growth.

In recent years, the government's investment in public infrastructure has increased, and is viewed as a key factor in boosting Taiwan's economy. The policy of increasing domestic demand has been implemented for years and is beneficial to domestic demand-driven industries. Lately, there has been a string of power outage incidents. The Electricity Distribution System Enhancement Program is important to Taiwan Power Company and this will also make company's revenue and profits grow steadily in the future.

For years we have been committed to innovation and transformation. We developed smart switch gear, optoelectronics, green energy, energy-saving solutions, and energy storage products for Tai Power company's Electricity Distribution System Enhancement Program. We also continue to create and develop power electronics, electric buses and rail-car charging equipment products. These products are all able to meet the demand of the current domestic electrical grids and the needs of the era. Meanwhile, the revenue of these products is steadily growing, which also helps reduce the mature market risk that traditional heavy electrical equipment products are facing. The transformation process is difficult but successful. In 2021, due to the efforts of all colleagues, the number of orders increased and profits grew. There are large number of current orders on hand; a hard-earned milestone for the company.

2. Operational Strategy:

The global economy will definitely face long-term structural adjustments. The structural transformation is a key change that Taiwan is facing and requires strategy and innovation. The priority of the annual operational policy in 2022 is to take orders immediately and seek stable growth to maximize the average effectiveness of production capacity; in addition to increasing revenue and reducing expenditure, we will focus on strengthening product quality as well as controlling risks. Moreover, we will accelerate the development and launch of new products to keep the company growing and transforming. We will also focus on tracking forward-looking plans and the business opportunities within optoelectronic and green energy construction, the expansion of semiconductor factories, equipment upgrade of Tai Power Company's smart substations and the Electricity Distribution System Enhancement Program. Through innovation and the added-value created by market segmentation, product differentiation, and system customization, as well as expanding into the market with mobility and flexibility, we will create our own blue ocean.

3. Orders, production and sales in 2022:

As the number of orders in 2021 was larger than sales, current orders on hand can meet the needs of overall production capacity more in 2022. Heavy electrical equipment industry is the basic industry of the country. The global economy, after decades of development, is heading towards the development of green energy, energy-saving solutions, energy storage, intelligence, and high efficiency, which renders old electronical equipment replaceable. Over the years, we will continue developing new products in line with this global shift. It is expected that in 2022 the number of orders taken and production and sales levels should grow steadily and break through.

4. Company development strategy in the future:

Our devotion 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, and orders are therefore successively fulfilled. Products all meet the production capacity of the newly built electrical construction materials factory as well. Due to the successful sale of PV inverters, a new, large-volume product is being developed. Charging equipment for electric buses and rail EVU will also see a breakthrough in development in line with the latest trend.

Regarding the development direction of new products and the market in the future, we will continue to use accumulated core technology to develop new products, including smart electrical equipment, power electronics, energy-saving solutions, energy storage products, smart electrical grids, and cloud application related products. In addition, the construction of semiconductor factories and the rail transit industry will still account for the bulk of the budget in public infrastructure construction in the future. Therefore, we will dedicate a lot of our resources to these two related fields, and occupy a good share of the industry from which we can reap the benefits in the future. All colleagues will work harder to achieve 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, 2021 are set out below for review
1. NT\$65,000,000 for Nissin-Allis Electric Co., Ltd
 2. NT\$125,000,000 for Ares Technology Co., Ltd
 3. NT\$180,400,000 for Air King Industrial Co., Ltd
 4. NT\$271,961,613 for Chung Mou Construction Co., Ltd
- The above totals NT\$642,361,613.
- (2) External investments approved by the board of directors in 2021: None
- III. Report on 2021 Distribution of Employee Remuneration and Director Remuneration of the Company:
- The Company's profit for fiscal year 2021 (excluding pre-tax net income before employee compensation and directors' remuneration) was NT\$433,117,879. Pursuant to Article 25 of the Company's articles of incorporation, a 4% compensation contribution to employees amounting to NT\$17,324,715 and a 2% remuneration contribution to directors amounting to NT\$8,662,357 were paid in cash.

IV. The Audit Report by Audit Committee on 2021 Financial Statements

Audit Report by Audit Committee

The board of directors has prepared the Company's 2021 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. 2022 General Shareholders Meeting

Convener of the audit committee: WU, YING-CHIN

March 29, 2022

Approval Matters

Agenda 1: Proposed by Board of Directors

Subject: Approval of the Company's 2021 Business Report and Financial Statements.

Illustration: (1) The Company's 2021 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 3 to Page 6 and Page 10 to Page 27 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, 2021 and 2020, 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, 2021 and 2020, 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 auditing standards generally accepted in 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, 2021. 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, 2021 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, 2021 and 2020, 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, 2021 and 2020, the aforementioned investment accounted for using equity method were NT\$332,930 thousand and NT\$328,682 thousand, respectively, which represented 4.21% and 5.56%, respectively, of the total assets. Allis Electric Ltd.'s share of comprehensive income or loss of such investee companies were NT\$44,411 thousand and NT\$41,216 thousand for the years ended December 31, 2021 and 2020, respectively, which represented 10.46% and 11.08%, 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2021 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 Min-Chih Chuo and Wen-Ting Hsiang.

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

March 29, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	ASSETS	2021.12.31		2020.12.31		Notes	2021.12.31		2020.12.31		
		Amount	%	Amount	%		Amount	%	Amount	%	
	CURRENT ASSETS										
1100	Cash and cash equivalents	\$ 278,868	3.53	\$ 455,866	7.71	2100	Short-term loans	\$ 1,718,353	21.75	\$ 735,000	12.43
1120	Financial assets at fair value through other comprehensive income	215	0.00	144	0.00	2120	Financial liabilities at fair value through profit or loss	442	0.01	1,775	0.03
1140	Contract assets	237,505	3.01	106,581	1.80	2130	Contract liabilities	242,229	3.07	200,719	3.39
1150	Notes receivable, net	102,259	1.29	63,892	1.08	2170	Accounts payable	1,402,644	17.75	991,043	16.76
1160	Notes receivable from related parties	—	—	613	0.01	2180	Accounts payable to related parties	326,966	4.14	162,846	2.75
1170	Accounts receivable, net	2,878,867	36.44	1,752,953	29.64	2200	Other payables	233,614	2.96	205,100	3.47
1180	Accounts receivable from related parties	133,737	1.69	65,678	1.11	2230	Current tax liabilities	38,820	0.49	28,018	0.47
1200	Other receivables	105,699	1.33	147,191	2.49	2250	Provisions	12,100	0.15	12,100	0.20
1310	Inventories	1,423,257	18.02	941,782	15.92	2255	Short-term onerous contracts provision	62	0.00	1,633	0.03
1410	Prepayments	66,950	0.85	34,758	0.59	2280	Lease liabilities	2,698	0.03	2,827	0.05
1479	Other current assets	—	—	175	0.00	2399	Other current liabilities	724	0.01	712	0.01
11xx	Total current assets	5,227,357	66.16	3,569,633	60.35	21xx	Total current liabilities	3,978,652	50.36	2,341,773	39.59
	NON-CURRENT ASSETS										
1517	Financial assets at fair value through other comprehensive income	249,837	3.16	225,560	3.81						
1550	Investments accounted for using equity method	746,150	9.44	661,248	11.18						
1600	Property, plant and equipment	1,175,322	14.88	974,161	16.47						
1755	Right-of-use assets	6,122	0.08	8,954	0.15						
1760	Investment properties	355,701	4.50	357,850	6.05						
1780	Intangible assets	7,776	0.10	8,061	0.14						
1840	Deferred tax assets	20,730	0.26	17,523	0.30						
1915	Prepayments for equipment	5,719	0.07	—	—						
1920	Refundable deposits	70,565	0.89	44,921	0.77						
1980	Other receivables	26,272	0.34	36,530	0.62						
1990	Other non-current assets	9,748	0.12	9,748	0.16						
15xx	Total non-current assets	2,673,942	33.84	2,344,556	39.65						
1xxx	TOTAL ASSETS	\$ 7,901,299	100.00	\$ 5,914,189	100.00						
	LIABILITIES AND EQUITY										
	CURRENT LIABILITIES										
	Short-term loans					2100	Short-term loans				
	Financial liabilities at fair value through profit or loss					2120	Financial liabilities at fair value through profit or loss				
	Contract liabilities					2130	Contract liabilities				
	Accounts payable					2170	Accounts payable				
	Accounts payable to related parties					2180	Accounts payable to related parties				
	Other payables					2200	Other payables				
	Current tax liabilities					2230	Current tax liabilities				
	Provisions					2250	Provisions				
	Short-term onerous contracts provision					2255	Short-term onerous contracts provision				
	Lease liabilities					2280	Lease liabilities				
	Other current liabilities					2399	Other current liabilities				
	Total current liabilities					21xx	Total current liabilities				
	NON-CURRENT LIABILITIES										
	Long-term loans					2540	Long-term loans				
	Deferred tax liabilities-land value increment tax					2571	Deferred tax liabilities-land value increment tax				
	Lease liabilities					2580	Lease liabilities				
	Net defined benefit liabilities					2640	Net defined benefit liabilities				
	Guarantee deposits					2645	Guarantee deposits				
	Total non-current liabilities					25xx	Total non-current liabilities				
	Total liabilities					2xxx	Total liabilities				
	EQUITY										
	Share capital					3100	Share capital				
	Capital surplus					3200	Capital surplus				
	Retained earnings						Retained earnings				
	Legal reserve					3310	Legal reserve				
	Special reserve					3320	Special reserve				
	Unappropriated earnings					3350	Unappropriated earnings				
	Total retained earnings					3300	Total retained earnings				
	Other equity					3400	Other equity				
	Treasury Stock					3500	Treasury Stock				
	Total equity					3xxx	Total equity				
	TOTAL LIABILITIES AND EQUITY						TOTAL LIABILITIES AND EQUITY				
		\$ 7,901,299	100.00	\$ 5,914,189	100.00			\$ 7,901,299	100.00	\$ 5,914,189	100.00

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2021		2020	
		Amount	%	Amount	%
4000 OPERATING REVENUE	Note 4, 6 and 7	\$ 5,390,995	100.00	\$ 5,012,368	100.00
5000 OPERATING COST	Note 6 and 7	4,581,055	84.98	4,182,869	83.45
5900 GROSS PROFIT		809,940	15.02	829,499	16.55
5910 LESS: UNREALIZED GROSS PROFIT ON SALES		4,704	0.09	4,585	0.09
5950 NET GROSS PROFIT		805,236	14.93	824,914	16.46
OPERATING EXPENSES					
6100 Selling and marketing expenses	Note 7	251,177	4.66	232,486	4.64
6200 General and administrative expenses		135,598	2.51	125,247	2.50
6300 Research and development expenses	Note 7	89,477	1.66	99,772	1.99
6450 Expected credit impairment loss		7,007	0.13	15,088	0.30
6000 Total operating expenses		483,259	8.96	472,593	9.43
6900 OPERATING INCOME		321,977	5.97	352,321	7.03
NON-OPERATING INCOME AND EXPENSES					
7010 Other income	Note 6 and 7	23,286	0.43	25,609	0.51
7020 Other gains and losses	Note 6	(457)	(0.01)	(26,576)	(0.53)
7050 Finance costs	Note 6	(9,973)	(0.19)	(9,173)	(0.18)
7060 Share of profit of subsidiaries and associates accounted for using equity method	Note 4 and 6	72,298	1.34	36,835	0.73
7000 Total non-operating income and expenses		85,154	1.57	26,695	0.53
7900 INCOME BEFORE INCOME TAX		407,131	7.54	379,016	7.56
7950 INCOME TAX EXPENSE	Note 4 and 6	45,610	0.84	55,091	1.10
8200 NET INCOME		361,521	6.70	323,925	6.46
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	10,130	0.20	(20,274)	(0.40)
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	Note 4	16,236	0.30	55,769	1.11
8330 Share of other comprehensive income of subsidiaries and associates accounted for using equity method		39,379	0.73	11,803	0.24
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating foreign operation		(2,465)	(0.05)	114	0.00
8380 Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method		(332)	(0.01)	482	0.01
8300 Other comprehensive income, net		62,948	1.17	47,894	0.96
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 424,469	7.87	\$ 371,819	7.42
Note 6					
9750 EARNINGS PER SHARE		\$ 1.60		\$ 1.44	

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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, 2020	207,099	\$ 2,070,990	\$ 67,172	\$ 102,580	\$ 452,994	\$ 328,398	\$ (11,606)	\$ 63,697	\$ (41,616)	\$ 3,032,609
Appropriation of the 2019 earnings										
Legal reserve appropriated				30,173		(30,173)				
Cash dividends-NT\$0.70 per share						(144,969)				(144,969)
Stock dividends-NT\$0.50 per share	10,355	103,550				(103,550)				
Net income in 2020						323,925				323,925
Other comprehensive income and loss in 2020, net of income tax						(21,366)	596	68,664		47,894
Total comprehensive income in 2020						302,559	596	68,664		371,819
Cash dividends distributed to subsidiaries			1,703							1,703
Disposal of investments in equity instruments at fair value through other comprehensive income										
Return of donation from owners						40,173		(40,173)		
Reversal of special reserve			(5)							(5)
BALANCE, DECEMBER 31, 2020	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										
Legal reserve appropriated				34,354		(34,354)				
Cash dividends-NT\$0.70 per share						(152,217)				(152,217)
Stock dividends-NT\$0.50 per share	10,873	108,727				(108,727)				
Net income in 2021						361,521				361,521
Other comprehensive income and loss in 2021, net of income tax						9,647	(2,797)	56,098		62,948
Total comprehensive income in 2021						371,168	(2,797)	56,098		424,469
Cash dividends distributed to subsidiaries			1,789							1,789
Changes in ownership interests in subsidiaries			511							511
Disposal of investments in equity instruments at fair value through other comprehensive income										
Return of donation from owners			(139)			3,513		(3,513)		
Reversal of special reserve						803				(139)
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

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 407,131	\$ 379,016
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	39,229	41,084
Amortization expense	2,923	3,338
Expected credit impairment loss	7,007	15,088
Net loss (gain) on financial instruments at fair value through profit or loss	(1,187)	4,370
Interest expense	9,973	9,173
Interest income	(3,105)	(3,472)
Dividend income	(1,953)	(2,148)
Share of profit of subsidiaries and associates accounted for using equity method	(72,298)	(36,835)
Net loss (gain) on disposal of property, plant and equipment	481	(10)
Unrealized gross profit on sales	4,704	4,585
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	(130,924)	129,141
Decrease (increase) in notes receivable	(38,536)	15,582
Decrease in notes receivable from related parties	613	4,481
Increase in accounts receivable	(1,132,752)	(353,904)
Increase in accounts receivable from related parties	(68,059)	(32,580)
Decrease in other receivables	101,325	105,598
Decrease (increase) in inventories	(481,475)	204,165
Increase in prepayments	(32,192)	(5,457)
Decrease (increase) in other current assets	175	(151)
Changes in financial instruments at fair value through profit or loss	(146)	(2,595)
Increase (decrease) in contract liabilities	41,510	(3,919)
Increase (decrease) in accounts payable	411,601	(77,240)
Increase in accounts payable to related parties	164,120	45,506
Increase in other payables	28,213	28,550
Decrease in short-term onerous contracts provision	(1,571)	(6,904)
Increase (decrease) in other current liabilities	12	(249)
Decrease in net defined benefit liabilities	(14,353)	(23,351)
Cash inflow (outflow) generated from (used in) operations	(759,534)	440,862
Income tax paid	(38,015)	(37,460)
Net cash generated from (used in) operating activities	(797,549)	403,402

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (8,112)	\$ (2,925)
Acquisition of investments accounted for using equity method	(14,997)	(19,662)
Proceeds from liquidation of investments accounted for using equity method	—	5,969
Acquisition of property, plant and equipment	(235,890)	(100,324)
Proceeds from disposal of property, plant and equipment	—	10
Acquisition of intangible assets	(2,638)	(1,434)
Increase in prepayments for equipment	(5,719)	—
Increase in refundable deposits	(25,644)	(3,468)
Increase in other receivables	(49,456)	—
Interest received	2,986	3,689
Cash dividend received	38,524	20,745
Net cash flows used in investing activities	(300,946)	(97,400)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	7,707,728	4,558,568
Decrease in short-term loans	(6,724,375)	(4,561,606)
Decrease in guarantee deposits	(1)	(84)
Repayment of the principal portion of lease liabilities	(2,827)	(4,584)
Increase in long-term loans	103,000	47,000
Interest paid	(9,672)	(9,223)
Cash dividends paid	(152,217)	(144,969)
Others	(139)	(5)
Net cash flows generated from (used in) financing activities	921,497	(114,903)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(176,998)	191,099
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	455,866	264,767
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 278,868	\$ 455,866

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

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, 2021 and 2020, 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, 2021 and 2020, 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 auditing standards generally accepted in 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, 2021. 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, 2021 and 2020, 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, 2021 and 2020, the total assets of such subsidiaries were NT\$186,379 thousand and NT\$155,148 thousand, respectively, which represented 2.28% and 2.54%, respectively, of Allis Electric Group's consolidated total assets. For the year ended December 31, 2021 and 2020, the operating revenue of such subsidiaries were NT\$241,832 thousand and NT\$48,179 thousand, respectively, which represented 4.26% and 0.94%, 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, 2021 and 2020, 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, 2021 and 2020, the aforementioned investments accounted for using equity method were NT\$320,114 thousand and NT\$298,148 thousand, respectively, which represented 3.91% and 4.87%, respectively, of Allis Electric Group's consolidated total assets. Allis Electric Group's share of comprehensive income or loss of such associates were NT\$52,561 thousand and NT\$44,609 thousand for the years ended December 31, 2021 and 2020, respectively, which represented 12.14% and 12.08%, 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, 2021 and 2020 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2021 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 Min-chih Chuo and Wen-Ting Hsiang.

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

March 29, 2022

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 SHEET
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021.12.31		2020.12.31		Notes	2021.12.31		2020.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS									
CURRENT ASSETS									
1100 Cash and cash equivalents	\$ 499,304	6.10	\$ 616,704	10.08	2100	\$ 1,899,344	23.19	\$ 807,641	13.20
1110 Financial assets at fair value through profit or loss	800	0.01	—	—	2120	442	0.01	1,775	0.03
1120 Financial assets at fair value through other comprehensive income	32,835	0.40	15,495	0.25	2130	251,134	3.06	204,256	3.34
1140 Contract assets	318,776	3.89	150,479	2.46	2150	17,203	0.21	16,178	0.26
1150 Notes receivable, net	102,446	1.25	64,413	1.05	2160	—	—	6,048	0.10
1160 Notes receivable from related parties	—	—	613	0.01	2170	1,451,174	17.71	1,045,514	17.08
1170 Accounts receivable, net	2,975,697	36.32	1,844,548	30.14	2180	172,456	2.11	85,132	1.39
1180 Accounts receivable from related parties	37,752	0.46	15,735	0.26	2200	257,123	3.14	232,924	3.81
1200 Other receivables	107,751	1.32	150,523	2.46	2230	52,387	0.64	29,521	0.48
1220 Current tax assets	70	0.00	233	0.00	2250	12,100	0.15	12,100	0.20
1310 Inventories	1,572,188	19.19	1,099,531	17.97	2255	62	0.00	1,633	0.03
1410 Prepayments	72,334	0.88	46,280	0.76	2272	5,025	0.06	—	—
1479 Other current assets	352	0.01	5,144	0.08	2280	4,274	0.05	4,155	0.07
11xx Total current assets	5,720,305	69.83	4,009,698	65.52	2399	1,169	0.01	4,850	0.08
					21xx	4,123,893	50.34	2,451,727	40.07
NON-CURRENT ASSETS									
1517 Financial assets at fair value through other comprehensive income	307,501	3.75	247,813	4.05	2540	216,458	2.64	65,118	1.06
1550 Investments accounted for using equity method	320,114	3.91	298,148	4.87	2571	174,486	2.13	174,502	2.85
1600 Property, plant and equipment	1,354,528	16.53	1,088,148	17.78	2580	5,039	0.06	7,204	0.12
1755 Right-of-use assets	8,962	0.11	11,185	0.18	2640	60,191	0.74	90,189	1.47
1760 Investment properties	355,701	4.34	357,850	5.85	2645	3,408	0.04	3,378	0.06
1780 Intangible assets	14,581	0.18	30,920	0.51	25xx	459,582	5.61	340,391	5.56
1840 Deferred tax assets	21,800	0.27	17,605	0.29	2xxx	4,583,475	55.95	2,792,118	45.63
1915 Prepayments for equipment	5,719	0.07	—	—					
1920 Refundable deposits	71,369	0.87	46,519	0.76					
1975 Net defined benefit asset	1,341	0.02	1,418	0.02					
1980 Other receivables	374	0.00	412	0.01					
1990 Other non-current assets	9,748	0.12	9,748	0.16					
15xx Total non-current assets	2,471,738	30.17	2,109,766	34.48					
						2,283,267	27.87	2,174,540	35.53
						71,031	0.87	68,870	1.12
TOTAL ASSETS	\$ 8,192,043	100.00	\$ 6,119,464	100.00					
LIABILITIES AND EQUITY									
CURRENT LIABILITIES									
2100 Short-term loans									
2120 Financial liabilities at fair value through profit or loss									
2130 Contract liabilities									
2150 Notes payable									
2160 Notes payable to related parties									
2170 Accounts payable									
2180 Accounts payable to related parties									
2200 Other payables									
2230 Current tax liabilities									
2250 Provisions									
2255 Short-term onerous contracts provision									
2272 Current portion of long-term loans									
2280 Lease liabilities									
2399 Other current liabilities									
21xx Total current liabilities									
						2,283,267	27.87	2,174,540	35.53
						71,031	0.87	68,870	1.12
NON-CURRENT LIABILITIES									
2540 Long-term loans									
2571 Deferred tax liabilities									
2580 Lease liabilities									
2640 Net defined benefit liabilities									
2645 Guarantee deposits									
25xx Total non-current liabilities									
2xxx Total liabilities									
						60,191	0.74	90,189	1.47
						3,408	0.04	3,378	0.06
						459,582	5.61	340,391	5.56
						4,583,475	55.95	2,792,118	45.63
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT									
3100 Share capital									
3200 Capital surplus									
Retained earnings									
Legal reserve									
Special reserve									
Unappropriated earnings									
Total retained earnings									
Other equity									
Treasury Stock									
Total equity attributable to owners of the parent									
NON-CONTROLLING INTERESTS									
Total equity									
TOTAL LIABILITIES AND EQUITY									
						3,535,570	43.16	3,261,157	53.29
						72,998	0.89	66,189	1.08
						3,608,568	44.05	3,327,346	54.37
						8,192,043	100.00	6,119,464	100.00

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2021		2020		
		Amount	%	Amount	%	
4000	OPERATING REVENUE	Note 4, 6 and 7	\$ 5,681,629	100.00	\$ 5,113,892	100.00
5000	OPERATING COST	Note 6 and 7	4,705,428	82.82	4,209,656	82.32
5900	GROSS PROFIT		976,201	17.18	904,236	17.68
5910	LESS: UNREALIZED GROSS PROFIT ON SALES		195	0.00	394	0.01
5950	NET GROSS PROFIT		976,006	17.18	903,842	17.67
	OPERATING EXPENSES					
6100	Selling and marketing expenses	Note 7	335,803	5.91	280,993	5.50
6200	General and administrative expenses		157,038	2.76	147,167	2.88
6300	Research and development expenses	Note 7	100,143	1.76	110,594	2.16
6450	Expected credit impairment loss		7,056	0.13	16,338	0.32
6000	Total operating expenses		600,040	10.56	555,092	10.86
6900	OPERATING INCOME		375,966	6.62	348,750	6.81
	NON-OPERATING INCOME AND EXPENSES					
7010	Other income	Note 6 and 7	26,327	0.46	31,635	0.62
7020	Other gains and losses	Note 6	(13,558)	(0.24)	(24,699)	(0.48)
7050	Finance costs	Note 6	(13,897)	(0.24)	(11,167)	(0.22)
7060	Share of profit of associates accounted for using equity method	Note 4 and 6	53,397	0.94	44,901	0.88
7000	Total non-operating income and expenses		52,269	0.92	40,670	0.80
7900	INCOME BEFORE INCOME TAX		428,235	7.54	389,420	7.61
7950	INCOME TAX EXPENSE	Note 4 and 6	59,827	1.05	69,275	1.35
8200	NET INCOME		368,408	6.49	320,145	6.26
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	Note 6	10,123	0.18	(20,692)	(0.40)
8316	Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	Note 4	57,779	1.02	69,760	1.36
8321	Share of remeasurement of defined benefit plans of associates accounted for using equity method		(503)	(0.01)	(774)	(0.02)
8349	Income tax relating to items that will not be reclassified to profit or loss	Note 6	16	0.00	60	0.00
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operation		(2,452)	(0.05)	445	0.01
8370	Share of other comprehensive income (loss) of associates accounted for using equity method		(333)	(0.01)	482	0.01
8300	Other comprehensive income, net		64,630	1.13	49,281	0.96
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 433,038	7.62	\$ 369,426	7.22
8600	NET INCOME ATTRIBUTABLE TO					
8610	Owners of the parent		\$ 361,521	6.37	\$ 323,925	6.33
8620	Non-controlling interests		6,887	0.12	(3,780)	(0.07)
			\$ 368,408	6.49	\$ 320,145	6.26
8700	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
8710	Owners of the parent		\$ 424,469	7.47	\$ 371,819	7.27
8720	Non-controlling interests		8,569	0.15	(2,393)	(0.05)
			\$ 433,038	7.62	\$ 369,426	7.22
9750	EARNINGS PER SHARE	Note 6	\$ 1.60		\$ 1.44	

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
Equity Attributable to Owners of Parent

	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	Total		Non-controlling Interests
BALANCE, JANUARY 1, 2020	207,099	\$ 2,070,990	\$ 67,172	\$ 102,580	\$ 452,994	\$ 328,398	\$ (11,606)	\$ 63,697	\$ (41,616)	\$ 3,032,609	\$ 67,591	\$ 3,100,200
Appropriation of the 2019 earnings												
Legal reserve appropriated				30,173		(30,173)						
Cash dividends-NT\$0.70 per share						(144,969)				(144,969)		(144,969)
Stock dividends-NT\$0.50 per share	10,355	103,550				(103,550)						
Net income in 2020						323,925				323,925	(3,780)	320,145
Other comprehensive income and loss in 2020, net of income tax						(21,366)	596	68,664		47,894	1,387	49,281
Total comprehensive income in 2020						302,559	596	68,664		371,819	(2,393)	369,426
Cash dividends from subsidiaries												
Cash dividends distributed to subsidiaries			1,703							1,703	1	1,704
Disposal of investments in equity instruments at fair value through other comprehensive income						40,173		(40,173)				
Changes in ownership interests in subsidiaries											1,232	1,232
Return of donation from owners										(5)		(5)
Reversal of special reserve					(804)	804						
BALANCE, DECEMBER 31, 2020	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)						
Cash dividends-NT\$0.70 per share						(152,217)				(152,217)		(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												
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											(508)	(508)
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	72,998	3,608,568

The accompanying notes are an integral part of the consolidated financial statements.
(With Earmest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 428,235	\$ 389,420
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	45,144	44,594
Amortization expense	5,662	4,965
Expected credit impairment loss	7,056	16,338
Net loss (gain) on financial instruments at fair value through profit or loss	(1,482)	4,370
Interest expense	13,897	11,167
Interest income	(3,243)	(3,671)
Dividend income	(2,895)	(2,167)
Share of profit of associates accounted for using equity method	(53,397)	(44,901)
Net loss on disposal of property, plant and equipment	685	4
Loss on disposal of investments	692	—
Unrealized gross profit on sales impairment loss	195	394
	12,667	—
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	(168,297)	85,243
Decrease (increase) in notes receivable	(38,202)	15,281
Decrease in notes receivable from related parties	613	4,481
Increase in accounts receivable	(1,143,432)	(362,548)
Decrease (increase) in accounts receivable from related parties	(22,017)	17,782
Decrease in other receivables	102,609	107,306
Decrease (increase) in inventories	(479,687)	225,887
Increase in prepayments	(26,145)	(5,955)
Decrease (increase) in other current assets	4,833	(5,145)
Increase in net defined benefit asset	(4)	(12)
Changes in financial instruments at fair value through profit or loss	(146)	(2,595)
Increase (decrease) in contract liabilities	47,500	(594)
Increase (decrease) in notes payable	1,025	(5,959)
Increase (decrease) in notes payable to related parties	(6,048)	6,048
Increase (decrease) in accounts payable	412,636	(148,877)
Increase in accounts payable to related parties	87,324	42,549
Increase in other payables	24,400	32,372
Decrease in short-term onerous contracts provision	(1,571)	(6,904)
Decrease in other current liabilities	(3,634)	(3,026)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Decrease in net defined benefit liabilities	\$ (19,794)	\$ (23,582)
Cash inflow (outflow) generated from (used in) operations	(774,821)	392,265
Income tax paid	(40,972)	(47,969)
Net cash generated from (used in) operating activities	<u>(815,793)</u>	<u>344,296</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	(33,910)	(9,872)
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,226	95,404
Acquisition of subsidiary	—	(12,163)
Acquisition of property, plant and equipment	(306,614)	(102,338)
Proceeds from disposal of property, plant and equipment	871	98
Acquisition of intangible assets	(2,638)	(2,092)
Increase in prepayments for equipment	(5,719)	—
Increase in refundable deposits	(24,850)	(4,563)
Increase in other receivables	(59,714)	—
Interest received	3,124	3,888
Cash dividend received	33,295	19,571
Net cash flows used in investing activities	<u>(382,750)</u>	<u>(12,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	8,199,910	4,831,725
Decrease in short-term loans	(7,105,087)	(4,838,299)
Increase in long-term loans	160,250	55,653
Decrease in long-term loans	(2,249)	—
Increase (decrease) in guarantee deposits	30	(4)
Interest paid	(13,497)	(11,214)
Repayment of the principal portion of lease liabilities	(4,652)	(5,642)
Cash dividends paid	(151,682)	(143,506)
Cash capital increase	3	—
Others	(139)	(5)
Net cash flows generated from (used in) financing activities	<u>1,082,887</u>	<u>(111,292)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,744)</u>	<u>1,548</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(117,400)</u>	<u>222,485</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>616,704</u>	<u>394,219</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 499,304</u>	<u>\$ 616,704</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Agenda 2: Proposed by Board of Directors

Subject: Approval of the Company's 2021 Profit Distribution Proposal.

Illustration: (1) The Company's profit after tax in 2021 was NT\$361,521,382, and the Profit Distribution Proposal was as follows.

Allis Electric Co., Ltd
2021 Profit Distribution Table

Unit: NT\$

Items	Amount
Beginning undistributed earnings	97,943,395
Plus (less): Reversal of Special Reserve	803,244
2021 Remeasurements of Defined Contribution Plan	9,646,907
Disposal of equity instruments measured at FVTOCI	3,513,127
Net profit after tax	361,521,382
Subtotal	473,428,055
Listing items:	
Legal reserve	37,548,466
Subtotal of the distributable earnings	435,879,589
Distribution items:	
Bonuses for shareholders:	
Cash dividends (NT\$0.75 per share)	171,245,004
Stock dividends (NT\$0.50 per share)	114,163,330
Total	285,408,334
Ending undistributed earnings	150,471,255

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 2022 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\$114,163,330 from the surplus earning distribution earnings in 2021 and issue 11,416,333 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 50 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: Amendment to the Articles of Association

Illustration: To meet the Company's operation planning needs, the Board of Directors proposes amending the company's Articles of Association as below:

Comparison Table of Amended Articles of Incorporation.

Amended Clause	Original Clause	Remarks
<p>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 Tramway Cars Manufacturing (5) CA02080 Metal Forging (6) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified (7) CB01030 Pollution Controlling Equipment Manufacturing (8) CC01060 Wired Communication Equipment and Apparatus Manufacturing (9) CC01070 Telecommunication Equipment and Apparatus Manufacturing (10) CC01080 Electronics Components Manufacturing (11) <u>CC01090 Manufacture of Batteries and Accumulators</u> 【New Scope】 (12) <u>CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing</u> 【Change Code】 (13) <u>CC01110 Computer and Peripheral Equipment Manufacturing</u> (14) <u>E501011 Tap Water Pipelines Contractors</u> (15) <u>E601010 Electric Appliance Construction</u> (16) <u>E601020 Electric Appliance Installation</u> (17) <u>E602011 AC Engineering</u> (18) <u>E603040 Fire Fighting Equipments Construction</u> (19) <u>E603050 Automatic Control Equipment Engineering</u> (20) <u>E603080 Traffic Signs Installation Engineering</u> (21) <u>E605010 Computer Equipment Installation</u> (22) <u>E606010 Power Consuming Equipment Inspecting and Maintenance</u> (23) <u>E701040 Basic Telecommunications Equipment Construction</u> (24) <u>E903010 Anti-Corrosion and Anti-Rust Engineering</u> (25) <u>F113010 Wholesale of Machinery</u> (26) <u>F113020 Wholesale of Household</u></p>	<p>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 Tramway Cars Manufacturing (5) CA02080 Metal Forging (6) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified (7) CB01030 Pollution Controlling Equipment Manufacturing (8) CC01060 Wired Communication Equipment and Apparatus Manufacturing (9) CC01070 Telecommunication Equipment and Apparatus Manufacturing (10) CC01080 Electronics Components Manufacturing (11) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing (12) CC01110 Computer and Peripheral Equipment Manufacturing (13) E501011 Tap Water Pipelines Contractors (14) E601010 Electric Appliance Construction (15) E601020 Electric Appliance Installation (16) E602011 AC Engineering (17) E603040 Fire Fighting Equipments Construction (18) E603050 Automatic Control Equipment Engineering (19) E603080 Traffic Signs Installation Engineering (20) E605010 Computer Equipment Installation (21) E606010 Power Consuming Equipment Inspecting and Maintenance (22) E701040 Basic Telecommunications Equipment Construction (23) E903010 Anti-Corrosion and Anti-Rust Engineering (24) F113010 Wholesale of Machinery (25) F113020 Wholesale of Household Appliance (26) F113030 Wholesale of Precision</p>	<p>Amended Business scopes</p>

<p>Appliance (27) F113030 Wholesale of Precision Instruments (28) F113070 Wholesale of Telecommunication Apparatus (29) F113110 Wholesale of Batteries 【New Scope】 (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 Other Machinery and Equipment (35) F219010 Retail Sale of Electronic Materials (36) F401010 International Trade (37) I301010 Software Design 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 items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Instruments (27) F113070 Wholesale of Telecommunication Apparatus (28) F119010 Wholesale of Electronic Materials (29) F213010 Retail Sale of Electrical Appliances (30) F213040 Retail Sale of Precision Instruments (31) F213060 Retail Sale of Telecommunication Apparatus (32) F213080 Retail Sale of Other Machinery and Equipment (33) F219010 Retail Sale of Electronic Materials (34) F401010 International Trade (35) <u>F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u> 【Delete】 (36) I301010 Software Design Services (37) I301020 Data Processing Services (38) I301030 Electronic Information Supply Services (39) IG03010 Energy Technical Services (40) JA02990 Other Repair (41) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Article 28 The Article was established on Aug. 9, 1968. 42nd amendment was made on Jul. 13, 2021. <u>43rd amendment was made on Jun. 21, 2022,</u> with effect from the passing of these resolutions proposed.</p>	<p>Article 28 The Article was established on Aug. 9, 1968. 42nd amendment was made on Jul. 13, 2021, with effect from the passing of these resolutions proposed.</p>	<p>Amending the By-Laws in line with the amendment</p>

Resolution:

Extraordinary Motions

Adjournment

Appendices

Appendix 1

Allis Electric Co., Ltd.
Number of shares owned by directors
Reference date: April 23, 2022

Title	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	9,082,694
Vice Chairman	CHENG, CHAO-PIN	376,974	424,767
Director	Chen-Jui Investment Co., Ltd. Representative: YANG, CHEN-TUNG	3,704,910	4,084,662
Director	LI, WEN	629,132	660,724
Director	CHEN, WEN-CHIN	127,752	146,845
Director	CHEN, MING-SHENG	8,306,735	4,958,174
Director	Du-Du Investment Co., Ltd. Representative: SUNG, WEN-YEH	6,136,352	6,765,327
Director	CHO, SHU-CHI	2,159,336	2,380,667
Director	LO, SHUI-LUNG	1,670,000	1,841,175
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	30,345,035
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			228,326,672

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.

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) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - (12) CC01110 Computer and Peripheral Equipment Manufacturing
 - (13) E501011 Tap Water Pipelines Contractors
 - (14) E601010 Electric Appliance Construction
 - (15) E601020 Electric Appliance Installation
 - (16) E602011 Refrigeration and Air Conditioning Engineering
 - (17) E603040 Fire Safety Equipment Installation Engineering
 - (18) E603050 Automatic Control Equipment Engineering
 - (19) E603080 Traffic Signs Installation Engineering
 - (20) E605010 Computer Equipment Installation
 - (21) E701040 Simple Telecommunications Equipment Installation
 - (22) E701040 Simple Telecommunications Equipment Installation
 - (23) E903010 Anti-Corrosion and Anti-Rust Engineering
 - (24) F113010 Wholesale of Machinery
 - (25) F113020 Wholesale of Electrical Appliances
 - (26) F113030 Wholesale of Precision Instruments
 - (27) F113070 Wholesale of Telecommunication Apparatus
 - (28) F119010 Wholesale of Electronic Materials
 - (29) F213010 Retail Sale of Electrical Appliances
 - (30) F213040 Retail Sale of Precision Instruments
 - (31) F213060 Retail Sale of Telecommunication Apparatus
 - (32) F213080 Retail Sale of Machinery and Tools
 - (33) F219010 Retail Sale of Electronic Materials
 - (34) F401010 International Trade
 - (35) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
 - (36) I301010 Information Software Services
 - (37) I301020 Data Processing Services
 - (38) I301030 Electronic Information Supply Services

- (39) IG03010 Energy Technical Services
 - (40) JA02990 Other Repair
 - (41) 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. If 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, with effect from the passing of these resolutions proposed.

Chairman: SUNG, HE-YEH

Appendix 4

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	2022 (estimate)
Beginning paid-in capital			NT\$ 2,283,266,720
Dividends and Interests	Cash dividends per share (Note 1)		NT\$0.75
	Dividends per share after earnings were transferred to capital (Note 1)		0.05 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 2022 was filled in based on the Profit Distribution Proposal approved by the resolution of the Board on March 29, 2022.

Note 2: The Company does not disclose its financial forecast for 2022, so this is not applicable.



ALLIS ELECTRIC CO.,LTD.