



**KING SHING™**  
INDUSTRIAL CO., LTD

Stock code 7732
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**KING SHING INDUSTRIAL CO., LTD.**

**2025 Annual Shareholders' Meeting**

**Meeting Agenda  
(Translation)**

**May 27, 2025**

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# **I. Call Meeting to Order**

## **II. Meeting Agenda**

# **KING SHING INDUSTRIAL CO., LTD.**

## **2025 Annual Shareholders' Meeting Meeting Agenda (Translation)**

Type of Meeting : Physical Meeting

Time : 10:00 a.m., May 27, 2025

Place : 3 Gongye 1st Road, Pingzhen District, Taoyuan City (1F Conference Room of our company)

1. Chairman's Address

2. Report Items:

- (1) The Business Report for the Years Ended December 31, 2024
- (2) Audit Committee's review report
- (3) To report 2024 employees' profit sharing and directors' compensation
- (4) Report on the Distribution of Cash Dividends from Earnings for the Fiscal Year 2024

3. Proposals for Ratification

- (1) To accept 2024 Business Report and Financial Statements
- (2) 2024 Earnings Distribution Table

4. Discussion Topics

- (1) Amendment Proposal for Certain Articles of the "Articles of Association of the Company"
- (2) Amendment Proposal for Certain Articles of the "Acquisition or Disposal of Assets Procedures".
- (3) Proposal to Lift the Non-Compete Restriction on the Corporate Representative Director.

5. Other Business and Special Motion

6. Meeting Adjourned

## Report Items

### 1. The Business Report for the Years Ended December 31, 2024

Explanatory Notes : Please refer to Attachment I on pages 6 to 11.

### 2. Audit Committee's review report

Explanatory Notes : Please refer to Attachment II on pages 12.

### 3. To report 2024 employees' profit sharing and directors' compensation

Explanation Notes:

- (1) According to the company's articles of association, if the company earns a profit for the year, it shall allocate no less than 1% for employee compensation and no more than 5% for director remuneration.
- (2) In the fiscal year 2024, the company distributed employee compensation totaling NT\$1,961,150 in cash, and no distribution was made for director remuneration. The amount distributed is consistent with the estimated expense recognized for the year.

### 4. Report on the Distribution of Cash Dividends from Earnings for the Fiscal Year 2024.

Explanation Notes:

- (1) According to the company's articles of association, the board of directors is authorized to distribute all or part of the dividends, capital surplus, or statutory earnings reserves that should be distributed by a resolution adopted by more than two-thirds of the directors present, provided that more than half of the directors are present, and report to the shareholders' meeting. The cash dividend distribution this time will be calculated based on the allocation ratio and rounded down to the nearest whole New Taiwan Dollar (NTD). Any fractional amounts less than one NTD will be disregarded, and the total of such disregarded amounts will be recorded as other income of the Company.
- (2) The distribution of earnings for the fiscal year 2024 is as shown in the table below.

Annual	Approval Date (year/month/day)	Payment Date (year/month/day)	Cash Dividend per Share (NT\$)	Total Cash Dividends (NT\$)
2024	2025/03/12	2025/04/28	2	132,000,000

## **Proposals for Ratification**

### **ITEM 1: (Proposed by the Board of Directors)**

**Proposal:** Ratification of the 2024 business report and financial statements.

**Explanation Notes:**

- (1) The individual financial statements and consolidated financial statements of the Company for the fiscal year 2024 have been audited by the accounting firm Zhi Cheng & Co., Certified Public Accountants, with Mr. Lin Se-kai and Mr. Lin Chun-yao as the auditors. The audit report is on file, along with the business report, and has been reviewed by the Audit Committee and approved by the Board of Directors.
- (2) Please refer to Attachment I on page 6 to 11 of this manual for the Company's business report, individual and consolidated financial statements, and auditor's review report for the fiscal year 2024. Attachment III and Attachment IV on pages 13 to 24 and pages 25 to 33 also contain relevant documents.

**Resolution:**

### **ITEM 2: (Proposed by the Board of Directors)**

**Proposal:** 2024 Earnings Distribution Table for ratification

**Explanation Notes:** The profit distribution table for the fiscal year 2024 of the Company has been reviewed and approved by the Audit Committee and the Board of Directors. Please refer to Attachment V on page 34 of this manual.

**Resolution:**

## **Discussion Topics**

### **ITEM1: (Proposed by the Board of Directors)**

**Proposal:** For Amendment to “Articles of Association of the Company”, presented for discussion

#### **Explanation Notes:**

- (1) In accordance with the company's business needs, it is proposed to amend certain articles of the company's articles of association.
- (2) For the corresponding comparison table of the relevant amendments to the "Articles of Association of the company," please refer to Attachment VI on page 35 to 37 of this manual.

#### **Resolution:**

### **ITEM2: (Proposed by the Board of Directors)**

**Proposal:** For Amendment to " Acquisition or Disposal of Assets Procedures ", presented for discussion

#### **Explanation Notes:**

- (1) In response to the company's business needs, it is proposed to amend certain provisions of the company's "Procedures for Acquisition or Disposal of Assets."
- (2) For the comparison table of the relevant amendments to the " Acquisition or Disposal of Assets Procedures" please refer to Attachment VII on pages 38-39 of this manual.

#### **Resolution:**

### **ITEM3: (Proposed by the Board of Directors)**

**Proposal:** Proposal to Lift the Non-Compete Restriction on the Corporate Representative Director., presented for discussion

#### **Explanation Notes:**

- (1) According to Article 209 of the Company Act, a director who engages in an activity within the company's business scope for themselves or others must explain the significant details of their actions to the shareholders' meeting and obtain approval.
- (3) The directors of the company and their representatives, or those who have investments or operate other companies that are in the same or similar business



scope as the company and serve as directors or managers, have requested the shareholders' meeting to approve the removal of the non-compete restriction on the corporate representative director. This is to align with actual business needs,

Name	Company Name and Concurrent Position	
JIN JIE INVESTMENT CO., LTD. Legal Representative : LIU, Yen-Ti	Cryomax Cooling System Corp.	General Manager

without harming the interests of the company. The details of the concurrent positions are as follows:

Resolution:

**Other Business and Special Motion**

**Meeting Adjourned**

### **III. Attachment**

**【Attachment I】****KING SHING INDUSTRIAL CO., LTD.****The Business Report for the Years Ended December 31, 2024****1.Business Report：**

Unit: Thousand New Taiwan Dollars

Item	2024	2023	Difference(%)
Operating revenue	1,085,128	1,033,173	5%
Operating costs	736,227	729,082	1%
Operating profit - gross	348,901	304,091	15%
Operational expenses	179,172	156,079	15%
Operating profit	169,729	148,012	15%
Non-operating Income and Expenses	27,898	16,727	67%
Profit before income tax	197,627	164,739	20%
Income Tax Expense	31,626	38,726	-18%
Net income for the period	166,001	126,013	32%

**2.Financial Structure and Profitability：**

Analysis Items		2024	2023	Difference(%)
Financial Structure	Debt-to-Asset Ratio(%)	17.80	19.70	-10%
	Long-Term Funding to Fixed Assets Ratio(%)	182.60	174.16	5%
Profit ability	Return on Assets (ROA) (%)	8.49	6.92	23%
	Return on Equity (ROE) (%)	10.29	8.92	15%
	Pre-Tax Net Income to Paid-up Capital Ratio(%)	32.94	27.46	20%
	Net Profit Margin(%)	15.30	12.20	25%
	Earnings Per Share (EPS) (NTD)	2.77	2.36	17%

**3. Development Overview：**

Our company was established in March of the 78th year of the Republic of China (1989). Initially engaged in the trade of automotive components, we have since developed into a comprehensive supplier of cooling systems, with complete R&D, manufacturing, and sales capabilities. Our main products include automotive cooling fans, blowers, and brushless inverter motors.

"Meticulous execution, proactive innovation" is our core business philosophy. We are dedicated to the diversification and modularization of motor development. Through close cooperation with key industry players, we are able to stay aligned with international trends in both R&D technology and product quality and performance efficiency, meeting the diverse needs of our customers. Our goal is to adhere to the "quality first, customer satisfaction, and continuous improvement" quality policy. We have obtained international quality certifications

such as ISO9001, ISO14001, and IATF16949, becoming a supplier of automotive components known for its "rigorous management, complete processes, and comprehensive product range." Our products are sold through major global channels, providing customers with prompt and comprehensive services.

#### (1) Products Covering Mainstream Vehicle Models

Our company mainly sells cooling fan products, including engine cooling and air conditioning systems, primarily applied in the automotive field. Our product line includes various passenger cars and heavy trucks from globally renowned car manufacturers, as well as popular car models with high market share. In order to meet the trends and market demands of the automotive industry, we continuously expand our product line to provide more and better high-quality product options.

Compared to the market demands of car manufacturers and system suppliers, the aftermarket focuses more on whether the product range is complete rather than the quantity scale of a single product. In response, our company offers a flexible order approach with small quantities and diverse products, adjusting production and shipping schedules based on delivery timelines. Customers can place short- to medium-term orders based on market conditions and inventory plans, while we make adjustments based on product quality and compatibility to meet changing market demands

#### (2) In-House Research and Development and Design

Our company provides a variety of cooling fans and blowers for different vehicle models in the aftermarket. While maintaining the specifications and characteristics of the original equipment products, during the product development phase, our R&D team integrates and analyzes the data and specifications from various vehicle models. We then redesign products with compatibility and commonality in mind, ensuring that both the performance and efficiency of the original manufacturers are considered. This approach allows us to standardize the production processes for the numerous product items, while modularizing the product line to achieve optimal production efficiency and resource allocation. With over 30 years of development and manufacturing experience, our company is able to flexibly design and modify products according to customer needs.

#### (3) One-Stop Production Process

From the initial product design, including product drawings and mold design, all work is completed within the R&D department. Subsequently, our Thai subsidiary provides a complete production process, including mold manufacturing and modification, plastic injection molding, metal stamping, motor winding, fan assembly, and even carton packaging, all done in-house. For urgent customer orders, we can also adjust production schedules in real-time and flexibly accommodate demands. With a very high in-house production rate, our company is able to control product quality and meet production deadlines effectively.

#### (4) 25 Years of Deep Integration in Thailand, an Automotive Cluster in Asia

Our company established its main production base in Thailand in 2005. The local familiarity with workflows and efficiency in capacity management have reached a high

level. The long-term, highly coordinated division of labor between our Taiwanese parent company and the Thai subsidiary ensures smooth operations from mold development, production, assembly, to final packaging and shipment.

our Thai subsidiary is located in Chonburi Province, a well-known hub for automotive manufacturers and automotive component suppliers in Asia. Car manufacturers from China, Japan, Taiwan, and other regions have also established plants here. The proximity to the supply chain for automotive component raw materials supports our development of OEM business. Due to the recent trade tensions and barriers between China and the U.S., our Thai plant is expected to benefit from the shift of orders from the Chinese region, offering a significant geographical advantage.

#### (5) Public Listing

To accommodate the expansion of our business scale, the Company has successfully completed its IPO (Initial Public Offering) and is now publicly listed. We continue to attract external capital and strategic investors, while also bringing in professional managers to further enhance corporate governance.

#### 4. Business Strategy:

Taiwan is located on the front lines of the geopolitical conflict with China and is also facing the challenges of global supply chain restructuring. Fortunately, our subsidiary in Thailand, Jin Xing, is located in the "Eastern Economic Corridor" of Thailand, with a complete production process and supply chain. The local political and economic environment is also friendly to foreign investments and is not on the list of regions affected by trade barriers in Europe and the U.S. This allows us to avoid these severe challenges. Currently, major automotive manufacturers and their supply chains are rapidly establishing factories in Thailand, creating a hub for automotive components. Our company has leveraged this favorable geographical location to market globally.

In addition, as the automotive repair market continues to demand higher precision and quality, we have also strengthened our quality and management measures to ensure our product competitiveness:

##### (1) Strengthening Management Functions:

We ensure that the policies implemented by the company are effectively executed, and based on this, we evaluate the performance of each department, improving the efficiency of management systems. We also establish operational processes to achieve comprehensive quality management, eliminate internal waste, and enhance our ability to generate "management assets."

##### (2) Quality Control:

We have established a comprehensive quality control process, including quality inspection and control from raw material procurement through the production process. This reduces internal defect rates and external customer complaints, ensuring the stability of product and service quality. In turn, this enhances customer satisfaction, strengthens the loyalty of existing customers, and builds long-term good relationships. Additionally, we have

strengthened the training of quality control personnel to ensure they possess strong quality awareness and skills.

(3) Supply Chain Management:

We have strengthened our management of suppliers, building good cooperative relationships with them. We require suppliers to meet high-quality standards and have established a supplier evaluation system to ensure the stability and reliability of the quality of the parts and materials provided. Expanding into New Markets:

(4) Expanding New Markets:

We maintain good interactions with Tier 1 manufacturers, striving to become their best partners. In response to the future trends of the automotive industry towards lightweighting, electronics, and electrification, we continuously meet customer demands for new technologies and design and develop various products accordingly. We also focus on expanding into Central and South America as key new markets to mitigate the alternating peak and off-peak seasons in the Northern and Southern hemispheres, maintaining growth momentum and expanding our operational scale.

## 5. Impact of External Competitive Landscape, Regulatory Environment, and Macroeconomic Conditions

(1) Impact of the External Competitive Environment

The Company's primary competitors are manufacturers from Mainland China and a few from Taiwan. In response to global supply chain restructuring and geopolitical risks, we continue to strengthen product quality and drive technological innovation, offering high-performance thermal management solutions. Our major clients are predominantly leading distributors of automotive components in Europe and the United States. With quality certifications and endorsements from key clients, we have maintained our competitiveness and continued growth despite the ongoing global trade tensions.

According to statistics from the Taiwan Transportation Vehicle Manufacturers Association, Taiwan's automotive parts exports reached NT\$228.5 billion in 2024, representing a 1.36% increase compared to 2023. This reflects the continued enhancement of Taiwan's competitiveness in the global automotive parts manufacturing industry.

(2) Impact of the Regulatory Environment

As a specialized supplier of automotive cooling motor fans, our manufacturing processes do not produce exhaust gases or wastewater. The scrap materials generated are handled by certified recycling vendors for reuse. We have obtained ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications, and we strictly comply with all government environmental and occupational safety regulations.

In recent years, our motor R&D has increasingly focused on energy conservation and carbon reduction. Our new products can connect with vehicle electronic control units (ECUs) to optimize energy efficiency, meeting tightening global environmental regulations and aligning with the development trends of hybrid and electric vehicles.

### (3) Impact of the Overall Business Environment

Taiwan's automotive parts industry is characterized by low-volume, high-mix and flexible manufacturing capabilities. With continuous investments in R&D and production technology, the industry has built strong international competitiveness, attracting foreign distributors to centralize procurement in Taiwan. Under our strategic specialization approach, the Company has established headquarters and production bases in Pingzhen, Sanxia, and Chonburi, Thailand, strengthening our global supply chain deployment.

The United States remains our primary sales region. The U.S. aftermarket (AM) for vehicle repair and parts reached USD 391 billion in 2023 and is projected to grow at a compound annual growth rate (CAGR) of 4.8% from 2023 to 2027, reaching USD 470 billion by 2027. In addition, the number of vehicles in operation in the U.S. is expected to reach 290 million units in 2024. The growing vehicle fleet and aging vehicles are driving a market opportunity of over USD 400 billion in the AM sector, with sustained growth expected.

With a comprehensive global distribution network in place, the Company holds a clear competitive advantage, laying a solid foundation for long-term sustainable growth.

## 6. Looking to the Future:

The global automotive industry is undergoing structural transformation. The driving forces behind market demand and technological development are not only the increased requirements for environmental protection and energy efficiency but also the restructuring of global supply chains and markets:

1. Mature Markets (e.g., North America, Europe, Japan): While new car sales are slowing, the overall vehicle ownership continues to expand, and the average age of vehicles is increasing. In the U.S., the average age of vehicles has reached 12.6 years (an increase of one year since 2017).
2. Emerging Markets (e.g., Southeast Asia, South America, and the Middle East): The number of vehicles is still growing rapidly, and these regions will become the major markets for vehicle repair and replacement parts in the future.
3. The increase in U.S. tariffs on automotive parts from Mexico and China has led to a widening price gap between AM (aftermarket) and OE (original equipment) parts, benefiting the growth of the AM market. Our company continues to strengthen its production and market presence in Thailand (ASEAN).

The growth in the number of vehicles, the increasing average vehicle age, and the restructuring of the global supply chain will continue to drive the demand for our products in the market.

### (1) Short-Term Development Strategy:

1. Focus on brushless motor cooling fan technology, utilizing brushless DC motors (BLDC combined with LIN Bus communication protocols), to meet the needs of new-generation gasoline vehicles, hybrid vehicles, and electric vehicles. We continue to improve the energy efficiency, durability, and intelligent control of brushless fans to meet energy-saving and environmental protection requirements.

2. Deepen and expand the aftermarket (AM) by developing dedicated cooling fans for various vehicle types, such as refrigerated trucks, logistics vehicles, trucks, and tour buses. At the same time, further expand into the Original Equipment Service (OES) market to enhance the influence and visibility of our products.

(2) Medium-Term Development Strategy:

1. Promote smart manufacturing by introducing automated production equipment and MES (Manufacturing Execution System) technologies to improve production efficiency and quality stability. We will also leverage big data analytics to optimize production planning and equipment maintenance, reducing production costs and downtime.
2. Expand our global market presence, deepening our foothold in North America and Europe, while expanding into ASEAN (Thailand, Indonesia, Vietnam) and South American markets to reduce reliance on any single market.

(3) Long-Term Development Strategy:

1. Expand into the electric vehicle (EV) and new energy markets, accelerating the development of EV products and enhancing battery thermal management, motor cooling, and smart thermal solutions to increase the penetration rate of electric vehicle products.
2. Strengthen OEM (Original Equipment Manufacturer) partnerships, deepening collaboration with automakers in the supply chain for electric vehicles and hybrid vehicles to increase added value. We will also explore the manufacturing potential for other EV parts, such as related plastic components, metal parts, and motors.
3. Diversify global business and supply chains to reduce reliance on North America and Europe, expand into Southeast Asia and South America, and optimize production plans to mitigate the impact of regional market fluctuations, enhancing operational flexibility.

The automotive market is moving toward intelligent, electric, and globally restructured supply chains, and the demand for brushless motor cooling fans will continue to grow. Our company will focus on technology upgrades, smart manufacturing, market expansion, and global layout. We aim to gain advantages in both the AM and OEM markets, drive the development of electric vehicle thermal management technologies, increase product value-added, and ensure sustainable development for the company. We are poised to seize the next wave of transformation and upgrade opportunities in the automotive industry.



**Audit Committee's Review Report**

The Board of Directors prepared and presented the Company's 2024 financial statements, business report and earnings distribution proposal. The 2024 financial statements have been audited by PwC Taiwan, which has issued an independent auditors' report. The above-mentioned financial statements, business report, and earnings distribution statement for 2024 have been reviewed and found to be correct by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit our report. Please verify.

KING SHING INDUSTRIAL CO., LTD.

Chairperson of the Audit Committee: Liu, Teng-Fa

Mach 12, 2025

Independent Auditors' Report

(2025) Financial Review No. 24004814

To King Shing Industrial Co., Ltd.:

**Audit opinions**

We have audited the accompanying consolidated balance sheets of King Shing Industrial Co., Ltd. and its Subsidiaries (hereinafter refer to as the “King Shing Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for January 1 to December 31, 2024 and 2023, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the King Shing Group as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows from January 1 to December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

**Basis for audit opinions**

We conducted our audits of the consolidated financial statements in accordance with the “Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants”, and auditing standards of the Republic of China. Our responsibilities under those standards are further addressed in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the King Shing Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. 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 King Shing Group’s 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the King Shing Group's 2024 consolidated financial statements were as follows:

### **Evaluation of allowance for inventory valuation losses**

#### Description of matters

Please refer to Note IV(XII) of the consolidated financial report for accounting policies on inventory, Note V(II) for critical accounting estimates and assumptions in relation to inventory valuation, and Note VI(IV) for details of inventories.

King Shing Group is primarily engaged in manufacturing and sales of fans and blowers for automotive cooling systems. Considering the useful life of vehicles and the diverse range of products in the after-sales service market, which are available in small quantities, the company needs to prepare adequate inventories to gain market share. This increases the risk of loss on inventory valuation or inventory obsolescence. Each inventory is measured at the lower of cost and net realizable value. Inventory is evaluated for impairment due to normal wear and tear, obsolescence, or changes in selling prices, and valuation losses are recognized accordingly.

As the amounts of inventory are material, considering the estimation of net realizable value of inventory and the adjustment of obsolete inventory exceeding a certain period of its shelf life is subject to the subjective judgment of management, we evaluated that the impact of amount of allowance for inventory valuation losses on the financial statements is significant. Therefore, we consider the allowance for inventory valuation losses to be one of the most important matters for this year's audit.

#### Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. Understand and evaluate the reasonableness of the company's inventory valuation policies.
2. Understand the annual inventory plan of King Shing Group and participate in the annual inventory taking to evaluate the effectiveness of the management's classification and control of obsolete inventories.
3. Obtain inventory aging reports and verify related supporting documents for the dates on which inventory changes occurred, ensure the age ranges are classified correctly and are consistent with the policies.
4. Obtain reports of which the net realizable value of inventories are evaluated, verify the completeness of the reports, and test the accuracy of the net realizable value and related calculations, thereby evaluating the reasonableness of King Shing Group's decision regarding the allowance for valuation loss.

### **Sales revenue cutoff**

#### Description of matters

Please refer to Note IV(XXVI) of the consolidated financial report for accounting policies on sales revenue. Please refer to Note VI(XV) of the consolidated financial report for the details of sales revenue.

The operating revenue of the King Shing Group derives from manufacturing and selling fans and blowers for automotive cooling systems. There are different types of transactions terms when selling them to the customers. Sales revenue is recognized according to the individually agreed transaction terms with customers and confirmation of transfer of control of goods upon shipment. In particular, whether the control of goods shipped before the end of the reporting period has transferred to the customers in accordance with the agreed transaction terms will affect the period to which sales revenue is attributed in the financial statements. Therefore, we consider the cutoff of sales revenue to be one of the most important matters for this year's audit.

#### Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. We have acknowledged and evaluated the internal controls regarding the timing of recognition of sales revenue for King Shing Group, and tested the effectiveness of these controls.
2. Cutoff tests were conducted on sales transactions during a certain period before and after the end of the financial reporting period to assess the accuracy of the timing of revenue recognition.

#### **Other matters- Parent company only financial reports**

King Shing Industrial Co., Ltd. has prepared the parent company only financial statements for 2024, and 2023. We have issued an audit report with an unqualified opinion, which was filed for reference.

#### **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 Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal controls related to the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing King Shing Group's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate King Shing 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 King Shing Group's financial reporting process.

## **Auditor's responsibilities for auditing the consolidated financial statement**

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 audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

We exercise professional judgment and maintain professional skepticism according to the auditing standards of the Republic of China when auditing. 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 appropriate audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence 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 King Shing Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the King Shing 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 King Shing Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes) 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 the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are responsible for our audit opinion.

We communicate with those charged with governance, including 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of King Shing Group's 2024 consolidated financial statements and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a specific 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.

PricewaterhouseCoopers, Taiwan

Lin, Se-Kai

CPA

Lin, Chun-Yao

Former Securities and Futures Bureau of Financial  
Supervisory Commission

Approval certificate number: Order No. Financial-  
Supervisory-Securities-IV-0960072936

Former Securities Commission of the Ministry of  
Finance

Approval certificate number: Order No. (85) Taiwan-  
Ministry of Finance-Securities and Futures Bureau (6)  
68702

March 12, 2024

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Balance Sheets  
December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

Assets		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 374,278	19	\$ 353,793	18
1136	Financial assets at amortized cost - current	VI(II) and VIII	44,364	2	6,243	-
1150	Notes receivable, net	VI(III)	2,222	-	4,412	-
1170	Accounts receivable, net	VI(III)	245,742	12	263,368	14
1200	Other receivables		7,072	-	5,684	-
130X	Inventories	VI(IV)	377,856	19	361,217	19
1410	Prepayments		2,997	-	1,484	-
1470	Other current assets		321	-	596	-
11XX	Total current assets		1,054,852	52	996,797	51
Non-current assets						
1535	Financial assets at amortized cost - non-current	VI(II) and VIII	192	-	180	-
1600	Property, plant and equipment	VI(V) and VIII	929,400	46	909,411	47
1755	Right-of-use assets	VI(VI)	8,330	-	2,970	-
1780	Intangible assets	VI(VIII)	10,448	1	11,072	1
1840	Deferred income tax assets	VI(XXII)	19,063	1	18,408	1
1900	Other non-current assets	VI(X)	6,562	-	3,286	-
15XX	Total non-current assets		973,995	48	945,327	49
1XXX	Total assets		\$ 2,028,847	100	\$ 1,942,124	100

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Balance Sheets  
December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

Liabilities and equity		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI(IX)	\$ 143,000	7	\$ 179,000	9
2130	Contract liabilities- current	VI(XV)	4,031	-	1,803	-
2170	Accounts payable		93,810	5	78,325	4
2200	Other payables	VII	59,687	3	55,910	3
2230	Current income tax liabilities		12,362	-	35,752	2
2280	Lease liabilities- current		2,905	-	1,040	-
2300	Other current liabilities		16,006	1	6,434	1
21XX	Total current liabilities		331,801	16	358,264	19
Non-current liabilities						
2570	Deferred income tax liabilities	VI(XXII)	9,881	1	8,226	-
2580	Lease liabilities- non-current		5,556	-	2,008	-
2600	Other non-current liabilities	VI(X)	14,000	1	14,130	1
25XX	Total non-current liabilities		29,437	2	24,364	1
2XXX	Total liabilities		361,238	18	382,628	20
Equity attributable to owners of the parent						
	Share capital	VI(XII)				
3110	Share capital - common stock		600,000	30	600,000	31
	Capital surplus	VI(XIII)				
3200	Capital surplus		573,711	28	606,111	31
	Retained earnings	VI(XIV)				
3310	Legal reserve		47,253	2	34,574	2
3320	Special reserve		47,323	2	-	-
3350	Unappropriated retained earnings		408,004	20	366,134	19
	Other equity interest					
3400	Other equity interest		( 8,682 )	-	( 47,323 )	( 3 )
31XX	Total equity attributable to owners of parent		1,667,609	82	1,559,496	80
3XXX	Total equity		1,667,609	82	1,559,496	80
	Significant Events after the Balance Sheet Date	XI				
3X2X	Total liabilities and equity		\$ 2,028,847	100	\$ 1,942,124	100

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen



King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars  
(Except for earnings per share expressed in New Taiwan Dollar)

	Item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	VI(XV)	\$ 1,085,128	100	\$ 1,033,173	100
5000	Operating costs	VI(IV)(XX) (XXI)	( 736,227 )	( 68 )	( 729,082 )	( 71 )
5900	Operating profit - gross		<u>348,901</u>	<u>32</u>	<u>304,091</u>	<u>29</u>
	Operating expenses	VI(XX) (XXI) and VII				
6100	Selling expenses		( 47,222 )	( 4 )	( 42,788 )	( 4 )
6200	Administrative expenses		( 103,565 )	( 10 )	( 87,267 )	( 8 )
6300	Research and development expenses		( 26,808 )	( 2 )	( 25,895 )	( 3 )
6450	Expected credit impairment loss	XII(II)	( 1,577 )	-	( 129 )	-
6000	Total operational expenses		<u>( 179,172 )</u>	<u>( 16 )</u>	<u>( 156,079 )</u>	<u>( 15 )</u>
6900	Operating profit		<u>169,729</u>	<u>16</u>	<u>148,012</u>	<u>14</u>
	Non-operating income and expenses					
7100	Interest income	VI(II) (XVI)	7,209	-	7,530	1
7010	Other income	VI(VII) (XVII)	4,107	-	3,339	-
7020	Other gains and losses	VI(XVIII)	19,744	2	11,414	1
7050	Finance cost	VI(XIX) and VII	( 3,162 )	-	( 5,556 )	-
7000	Total non-operating income and expenses		<u>27,898</u>	<u>2</u>	<u>16,727</u>	<u>2</u>
7900	<b>Profit before income tax</b>		<u>197,627</u>	<u>18</u>	<u>164,739</u>	<u>16</u>
7950	Income tax expense	VI(XXII)	( 31,626 )	( 3 )	( 38,726 )	( 4 )
8200	<b>Net income for the period</b>		<u>\$ 166,001</u>	<u>15</u>	<u>\$ 126,013</u>	<u>12</u>

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars  
(Except for earnings per share expressed in New Taiwan Dollar)

			2024		2023	
	Item	Notes	Amount	%	Amount	%
	<b>Other comprehensive income - net</b>					
	<b>Components not to be reclassified to profit or loss</b>					
8311	Remeasurements of defined benefit plans	VI(X)	\$ 3,641	-	\$ 1,052	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	VI(XXII)	( 1,050 )	-	( 278 )	-
8310	Components not to be reclassified to profit or loss - total		2,591	-	774	-
	<b>Components that may be reclassified to profit or loss</b>					
8361	Exchange difference arising from translation of foreign financial statements		38,641	4	4,376	1
8360	Components that may be reclassified to profit or loss - total		38,641	4	4,376	1
8300	<b>Other comprehensive income - net</b>		\$ 41,232	4	\$ 5,150	1
8500	<b>Total comprehensive income (loss)</b>		\$ 207,233	19	\$ 131,163	13
	Net profit attributable to:					
8610	Owners of the parent		\$ 166,001	15	\$ 126,013	12
			\$ 166,001	15	\$ 126,013	12
	Total comprehensive income attributable to:					
8710	Owners of the parent		\$ 207,233	19	\$ 131,163	13
			\$ 207,233	19	\$ 131,163	13
	Basic earnings per share					
9750	Basic earnings per share	VI(XXIII)		2.77		2.36
	Diluted earnings per share					
9850	Diluted earnings per share	VI(XXIII)	\$	2.76	\$	2.19

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

		Equity attributable to owners of the parent							
		Capital surplus			Retained earnings				
Notes		Share capital - common stock	Share premium	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign financial statements	Total equity
<b>2023</b>									
Balance - January 1, 2023		\$ 511,860	\$ 514,658	\$ 16,370	\$ 22,413	\$ -	\$ 251,508	( \$ 51,699 )	\$ 1,265,110
Net income for the period		-	-	-	-	-	126,013	-	126,013
Other comprehensive income		-	-	-	-	-	774	4,376	5,150
Total comprehensive income (loss)		-	-	-	-	-	126,787	4,376	131,163
Appropriation and distribution of earnings:	VI(XIV)								
Legal reserve recognized				-	12,161	-	( 12,161 )	-	-
Cash capital increase	VI(XII)	29,000	72,500	-	-	-	-	-	101,500
Share-based payment transaction	VI(XI)(XII)	59,140	18,953	( 16,370 )	-	-	-	-	61,723
Balance - December 31, 2023		\$ 600,000	\$ 606,111	\$ -	\$ 34,574	\$ -	\$ 366,134	( \$ 47,323 )	\$ 1,559,496
<b>2024</b>									
Balance - January 1, 2024		\$ 600,000	\$ 606,111	\$ -	\$ 34,574	\$ -	\$ 366,134	( \$ 47,323 )	\$ 1,559,496
Net income for the period		-	-	-	-	-	166,001	-	166,001
Other comprehensive income		-	-	-	-	-	2,591	38,641	41,232
Total comprehensive income (loss)		-	-	-	-	-	168,592	38,641	207,233
Appropriation and distribution of earnings:	VI(XIV)								
Legal reserve recognized		-	-	-	12,679	-	( 12,679 )	-	-
Provision of special surplus reserve				-	-	47,323	( 47,323 )	-	-
cash dividend		-	-	-	-	-	( 66,720 )	-	( 66,720 )
Capital reserve allotment of cash dividends	VI(XIII)	-	( 32,400 )	-	-	-	-	-	( 32,400 )
Balance - December 31, 2024		\$ 600,000	\$ 606,111	\$ -	\$ 47,253	\$ 47,253	\$ 408,004	( \$ 8,682 )	\$ 1,667,609

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 197,627	\$ 164,739
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	XII(II)	1,577	129
Depreciation	VI(V)(VI)(XX)	59,372	53,195
Amortization	VI(VIII)(XX)	2,806	2,262
Interest expense	VI(XIX)	3,162	5,556
Interest income	VI(XVI)	( 7,209 )	( 7,530 )
Share-based payment compensation cost	VI(XI)	-	2,583
Gain on disposal of fixed assets	VI(XVIII)	( 617 )	( 133 )
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		2,190	( 91 )
Accounts receivable		16,049	25,184
Other receivables		( 940 )	598
Inventories		( 16,639 )	( 11,149 )
Prepayments		( 1,513 )	1,502
Other current assets		275	( 329 )
Other non-current assets		( 1,192 )	-
Net changes in operating liabilities			
Contract liabilities- current		2,228	209
Accounts payable		15,485	( 13,649 )
Other payables		4,137	4,864
Other current liabilities		9,572	342
Other non-current liabilities		3,455	941
Cash inflow generated from operating activities		289,825	229,223
Interest received		6,761	7,981
Interest Paid		( 3,169 )	( 5,610 )
Income taxes paid		( 54,869 )	( 35,130 )
Cash inflow generated from operating activities, net		238,548	196,464

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of (acquisition) financial assets at amortized cost		( \$ 38,133 )	\$ 120,852
Acquisition of property, plant and equipment	VI(XXIV)	( 58,326 )	( 69,791 )
Disposal of property, plant and equipment		659	176
Acquisition of intangible assets	VI(VIII)	( 2,037 )	( 185 )
Decrease (increase) in refundable deposits		( 2,155 )	281
Cash inflow (outflow) generated from investing activities, net		( 99,992 )	51,333
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term loans	VI(XXV)	382,000	872,000
Repayment of short-term loans	VI(XXV)	( 418,000 )	( 1,047,000 )
Repayments for the principal of lease liabilities	VI(XXV)	( 160 )	( 1,010 )
Increase (decrease) in refundable deposits	VI(XXV)	-	150
Cash capital increase	VI(XII)	-	101,500
Share options exercised by the employees		-	59,140
Cash dividend distributed	VI(XIII)(XIV)(XXV)	( 99,120 )	-
Cash outflow generated from financing activities, net		( 136,966 )	( 15,220 )
Effect of changes in exchange rate		18,895	75
Increase in cash and cash equivalents		20,485	232,652
Cash and cash equivalents, beginning of period		353,793	121,141
Cash and cash equivalents, end of period		\$ 374,278	\$ 353,793

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

Independent Auditors' Report

(2025) Financial Review No. 24004813

To King Shing Industrial Co., Ltd.:

**Audit opinions**

We have audited the accompanying parent company only balance sheets of King Shing Industrial Co., Ltd. as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows for January 1 to December 31, 2024 and 2023, and notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the King Shing Industrial Co., Ltd. as of December 31, 2024 and 2023, and its parent company only financial performance and cash flows from January 1 to December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

**Basis for audit opinions**

We conducted our audits of the parent company only financial statements in accordance with the “Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants”, and auditing standards of the Republic of China. Our responsibilities under those standards are further addressed in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the King Shing Industrial Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. 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 King Shing Industrial Co., Ltd. 's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the King Shing Industrial Co., Ltd.'s 2024 parent company only financial statements were as follows:

## **Evaluation of allowance for inventory valuation losses**

### Description of matters

Please refer to Note IV(XI) of the parent company only financial report for accounting policies on inventory, Note V(II) for critical accounting estimates and assumptions in relation to inventory valuation, and Note VI(IV) for details of inventories.

King Shing Industrial Co., Ltd. is primarily engaged in manufacturing and sales of fans and blowers for automotive cooling systems. Considering the useful life of vehicles and the diverse range of products in the after-sales service market, which are available in small quantities, the company needs to prepare adequate inventories to gain market share. This increases the risk of loss on inventory valuation or inventory obsolescence. Each inventory is measured at the lower of cost and net realizable value. Inventory is evaluated for impairment due to normal wear and tear, obsolescence, or changes in selling prices, and valuation losses are recognized accordingly.

The aforementioned matters also exist in King Shing Industrial Co., Ltd.'s subsidiary, which is recognized in investments accounted for using equity method. As the amounts of inventory are material, considering the estimation of net realizable value of inventory and the adjustment of obsolete inventory exceeding a certain period of its shelf life is subject to the subjective judgment of management, we evaluated that the impact of amount of allowance for inventory valuation losses on the financial statements is significant. Therefore, we consider the allowance for inventory valuation losses to be one of the most important matters for this year's audit.

### Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. Understand and evaluate the reasonableness of the company's inventory valuation policies.
2. Understand the annual inventory plan of King Shing Industrial Co., Ltd. and participate in the annual inventory taking to evaluate the effectiveness of the management's classification and control of obsolete inventories.
3. Obtain inventory aging reports and verify related supporting documents for the dates on which inventory changes occurred, ensure the age ranges are classified correctly and are consistent with the policies.
4. Obtain reports of which the net realizable value of inventories are evaluated, verify the completeness of the reports, and test the accuracy of the net realizable value and related calculations, thereby evaluating the reasonableness of King Shing Industrial Co., Ltd.'s decision regarding the allowance for valuation loss.

## **Sales revenue cutoff**

### Description of matters

Please refer to Note IV(XXVI) of the parent company only financial report for accounting policies on sales revenue. Please refer to Note VI(XVI) of the parent company only financial report for the details of sales revenue.

The operating revenue of the Company derives from manufacturing and selling fans and blowers for automotive cooling systems. There are different types of transactions terms when selling them to the customers. Sales revenue is recognized according to the individually agreed transaction terms with customers and confirmation of transfer of control of goods upon shipment. In particular, whether the control of goods shipped before the end of the reporting period has transferred to the customers in accordance with

the agreed transaction terms will affect the period to which sales revenue is attributed in the financial statements. Therefore, we consider the cutoff of sales revenue to be one of the most important matters for this year's audit.

#### Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. We have acknowledged and evaluated the internal controls regarding the timing of recognition of sales revenue for King Shing Industrial Co., Ltd., and tested the effectiveness of these controls.
2. Cutoff tests were conducted on sales transactions during a certain period before and after the end of the financial reporting period to assess the accuracy of the timing of revenue recognition.

#### **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 Preparations of Financial Reports by Securities Issuers, and maintain necessary internal controls related to the preparation of parent company only financial statements to ensure that parent company only financial statements are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing King Shing Industrial Co., Ltd.' s ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate King Shing Industrial Co., 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 King Shing Industrial Co., Ltd.' s financial reporting process.

#### **Auditor's responsibilities for auditing the parent company only financial statement**

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 audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

We exercise professional judgment and maintain professional skepticism according to the auditing standards of the Republic of China when auditing. 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 appropriate audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence 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 King Shing Industrial Co., 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 the King Shing Industrial Co., 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 King Shing Industrial Co., 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 relevant notes) and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the King Shing Industrial Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of entities. We are responsible for our audit opinion.

We communicate with those charged with governance, including 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of King Shing Industrial Co., Ltd.'s 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a specific 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.

PricewaterhouseCoopers, Taiwan

Lin, Se-Kai

CPA

Lin, Chun-Yao

Former Securities and Futures Bureau of Financial Supervisory Commission

Approval certificate number: Order No. Financial-Supervisory-Securities-IV-0960072936

Former Securities Commission of the Ministry of Finance

Approval certificate number: Order No. (85) Taiwan-Ministry of Finance-Securities and Futures Bureau (6) 68702

March 12, 2024

King Shing Industrial Co., Ltd.  
Parent Company Only Balance Sheets  
December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

			December 31, 2024		December 31, 2023			
Assets			Amount		Amount			
Notes			%		%			
Current assets								
1100	Cash and cash equivalents	VI(I)	\$	345,468	17	\$	318,309	16
1136	Financial assets at amortized cost - current	VI(II) and VIII		3,436	-		3,078	-
1150	Notes receivable, net	VI(III)		2,205	-		4,088	1
1170	Accounts receivable, net	VI(III)		241,241	12		259,796	13
1180	Net accounts receivable - related parties	VII		965	-		1,293	-
1200	Other receivables			2,901	-		2,650	-
130X	Inventories	VI(IV)		250,571	12		233,664	12
1410	Prepayments			1,562	-		1,224	-
1470	Other current assets			27	-		22	-
11XX	Total current assets			848,376	41		824,124	42
Non-current assets								
1550	Investments accounted for using equity method	VI(V)		623,780	30		542,421	27
1600	Property, plant and equipment	VI(VI), VII and VIII		575,557	28		577,678	29
1755	Right-of-use assets	VI(VII)		5,419	-		1,470	-
1780	Intangible assets	VI(IX)		9,738	-		10,836	1
1840	Deferred income tax assets	VI(XXII)		14,198	1		12,819	1
1900	Other non-current assets	VI(XI)		5,221	-		3,785	-
15XX	Total non-current assets			1,233,913	59		1,149,009	58
1XXX	Total assets		\$	2,082,289	100	\$	1,973,133	100

(Continued)

King Shing Industrial Co., Ltd.  
Parent Company Only Balance Sheets  
December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

			December 31, 2024		December 31, 2023				
Liabilities and equity			Notes	Amount	%	Amount	%		
Current liabilities									
2100	Short-term loans	VI(X)	\$	143,000	7	\$	179,000	9	
2130	Contract liabilities- current	VI(XVI) and VII		25,501	1		33,637	2	
2170	Accounts payable			51,685	2		43,481	2	
2180	Accounts payable - related parties	VII		103,757	5		58,670	3	
2200	Other payables	VII		46,402	2		45,726	2	
2230	Current income tax liabilities			12,361	1		35,748	2	
2280	Lease liabilities- current			2,321	-		725	-	
2300	Other current liabilities			15,155	1		5,567	-	
21XX	Total current liabilities			400,182	19		402,554	20	
Non-current liabilities									
2570	Deferred income tax liabilities	VI(XXII)		11,015	1		8,473	1	
2580	Lease liabilities- non-current			3,133	-		767	-	
2600	Other non-current liabilities	VI(XI)		350	-		1,843	-	
25XX	Total non-current liabilities			14,498	1		11,083	1	
2XXX	Total liabilities			414,680	20		413,637	21	
Equity									
	Share capital	VI(XIII)							
3110	Share capital - common stock			600,000	29		600,000	30	
	Capital surplus	VI(XIV)							
3200	Capital surplus			573,711	27		606,111	31	
	Retained earnings	VI(XV)							
3310	Legal reserve			47,253	2		34,574	2	
3320	Special reserve			47,323	2		-	-	
3350	Unappropriated retained earnings			408,004	20		366,134	18	
	Other equity interest								
3400	Other equity interest		(	8,682	)	-	(	47,323	)
3XXX	Total equity			1,667,609	80		1,559,496	79	
	Significant Events after the Balance Sheet Date	XI							
3X2X	Total liabilities and equity		\$	2,082,289	100	\$	1,973,133	100	

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.  
Parent Company Only Statements of Comprehensive Income  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars  
(Except for earnings per share expressed in New Taiwan Dollar)

	Item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	VI(XVI) and VII	\$ 1,074,630	100	\$ 1,019,547	100
5000	Operating costs	VI(IV)(XX)(XXI) and VII	( 832,390)	( 78)	( 799,173)	( 78)
5900	Operating profit - gross		242,240	22	220,374	22
	Operating expenses	VI(XX)(XXI) and VII				
6100	Selling expenses		( 25,370)	( 2)	( 21,266)	( 2)
6200	Administrative expenses		( 67,225)	( 6)	( 52,452)	( 5)
6300	Research and development expenses		( 26,808)	( 3)	( 25,895)	( 3)
6450	Expected credit impairment loss	XII(II)	( 1,535)	-	( 84)	-
6000	Total operational expenses		( 120,938)	( 11)	( 99,697)	( 10)
6900	Operating profit		121,302	11	120,677	12
	Non-operating income and expenses					
7100	Interest income	VI(XVII)	6,227	1	7,352	1
7010	Other income		3,911	-	3,254	-
7020	Other gains and losses	VI(XVIII)	24,749	2	9,634	1
7050	Finance cost	VI(XIX)	( 3,063)	-	( 5,450)	( 1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	VI(V)	41,028	4	28,870	3
7000	Total non-operating income and expenses		72,852	7	43,660	4
7900	<b>Profit before income tax</b>		194,154	18	164,337	16
7950	Income tax expense	VI(XXII)	( 28,153)	( 3)	( 38,324)	( 4)
8200	<b>Net income for the period</b>		<u>\$ 166,001</u>	<u>15</u>	<u>\$ 126,013</u>	<u>12</u>
	<b>Other comprehensive income</b>					
	<b>Components not to be reclassified to profit or loss</b>					
8311	Remeasurements of defined benefit plans	VI(XI)	\$ 1,549	-	\$ 629	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - components not to be reclassified to profit or loss	VI(V)	1,690	-	339	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	VI(XXII)	( 648)	-	( 194)	-
8310	Components not to be reclassified to profit or loss - total		2,591	-	774	-
	<b>Components that may be reclassified to profit or loss</b>					
8361	Exchange difference arising from translation of foreign financial statements	VI(V)	38,641	4	4,376	1
8360	Components that may be reclassified to profit or loss - total		38,641	4	4,376	1
8300	<b>Other comprehensive income - net</b>		<u>\$ 41,232</u>	<u>4</u>	<u>\$ 5,150</u>	<u>1</u>
8500	<b>Total comprehensive income (loss)</b>		<u>\$ 207,233</u>	<u>19</u>	<u>\$ 131,163</u>	<u>13</u>
	Basic earnings per share	VI(XXIII)				
9750	Basic earnings per share		\$ 2.77		\$ 2.36	
	Diluted earnings per share	VI(XXIII)				
9850	Diluted earnings per share		\$ 2.76		\$ 2.19	

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

Notes	Capital surplus			Retained earnings			Exchange difference arising from translation of foreign financial statements	Total equity
	Share capital - common stock	Share premium	Employee share options	Legal reserve	Especially the surplus reserve	Unappropriated retained earnings		
<b>2023</b>								
Balance - January 1, 2023	\$ 511,860	\$ 514,658	\$ 16,370	\$ 22,413	\$ -	\$ 251,508	( \$ 51,699 )	\$ 1,265,110
Net income for the period	-	-	-	-	-	126,013	-	126,013
Other comprehensive income	-	-	-	-	-	774	4,376	5,150
Total comprehensive income (loss)	-	-	-	-	-	126,787	4,376	131,163
Appropriation and distribution of earnings: VI(XV)								
Legal reserve recognized	-	-	-	12,161	-	( 12,161 )	-	-
Cash capital increase VI(XIII)	29,000	72,500	-	-	-	-	-	101,500
Share-based payment transaction VI(XII)(XIII)	59,140	18,953	( 16,370 )	-	-	-	-	61,723
Balance - December 31, 2023	\$ 600,000	\$ 606,111	\$ -	\$ 34,574	\$ -	\$ 366,134	( \$ 47,323 )	\$ 1,559,496
<b>2024</b>								
Balance - January 1, 2024	\$ 600,000	\$ 606,111	\$ -	\$ 34,574	\$ -	\$ 366,134	( \$ 47,323 )	\$ 1,559,496
Net income for the period	-	-	-	-	-	166,001	-	166,001
Other comprehensive income	-	-	-	-	-	2,591	38,641	41,232
Total comprehensive income (loss)	-	-	-	-	-	168,592	38,641	207,233
Appropriation and distribution of earnings: VI(XV)								
Legal reserve recognized	-	-	-	12,679	-	( 12,679 )	-	-
Provision of special surplus reserve	-	-	-	-	47,323	( 47,323 )	-	-
Cash dividend	-	-	-	-	-	( 66,720 )	-	( 66,720 )
Capital reserve allotment of cash dividends VI(XIV)	-	( 32,400 )	-	-	-	-	-	( 32,400 )
Balance - December 31, 2024	\$ 600,000	\$ 606,111	\$ -	\$ 47,253	47,253	\$ 408,004	( \$ 8,682 )	\$ 1,667,609

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.  
Parent Company Only Statements of Cash Flows  
January 1 to December 31, 2024 and 2023

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 194,154	\$ 164,337
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	XII(II)	1,535	84
Depreciation	VI(VI)(VII)(XX)	11,552	9,969
Amortization	VI(IX)(XX)	2,734	2,215
Interest expense	VI(XIX)	3,060	5,450
Interest income	VI(XVII)	( 6,227 )	( 7,352 )
Share-based payment compensation cost	VI(XII)	-	2,583
Share of profit of associates and joint ventures accounted for using equity method	VI(V)	( 41,028 )	( 28,870 )
Loss (gain) on disposal of fixed assets	VI(XVIII)	( 851 )	( 48 )
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		1,883	( 755 )
Accounts receivable		17,020	24,642
Accounts receivable - related parties		328	247
Other receivables	(	130)	198
Other receivables - related parties		-	191
Inventories	(	16,907)	( 917 )
Prepayments	(	338)	630
Other current assets	(	5)	73
Net changes in operating liabilities	(	1,192)	-
Contract liabilities- current	(	8,136)	106
Accounts payable		8,204	( 15,192 )
Accounts payable - related parties		45,087	( 8,109 )
Other payables		1,036	6,102
Other current liabilities		9,588	65
Other non-current liabilities		-	( 1,166 )
Cash inflow generated from operating activities		221,370	154,483
Interest received		6,106	7,802
Interest Paid	(	3,070)	( 5,505 )
Income taxes paid	(	51,025)	( 32,279 )
Cash inflow generated from operating activities, net		173,381	124,501
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of (acquisition) financial assets at amortized cost- current	(	358)	122,853
Acquisition of property, plant and equipment	VI(XXIV)	( 6,650 )	( 12,411 )
Disposal of property, plant and equipment		851	48
Acquisition of intangible assets	VI(IX)	( 1,636 )	( 185 )
Decrease (increase) in refundable deposits	(	1,800)	300
Cash inflow (outflow) generated from investing activities, net	(	9,593)	110,605
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from short-term loans	VI(XXV)	382,000	872,000
Repayments of short-term loans	VI(XXV)	( 418,000 )	( 1,047,000 )
Cash capital increase	VI(XIII)	-	101,500
Share options exercised by the employees	VI(XII)	-	59,140
Repayments for the principal of lease liabilities	VI(XXV)	( 1,349 )	( 714 )
Increase in refundable deposits	VI(XXV)	( 160)	150
Cash dividend	VI(XXV)	( 99,120)	-
Cash outflow generated from financing activities, net	(	136,629)	( 14,924 )
Increase in cash and cash equivalents		27,159	220,182
Cash and cash equivalents, beginning of period		318,309	98,127
Cash and cash equivalents, end of period		345,468	\$ 318,309

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun- Chin

Accounting supervisor: Lai, Tsung-Yen

**【Attachment V】****KING SHING INDUSTRIAL CO., LTD.****Earnings Distribution Table****For the Years Ended December 31, 2024**

Unit: New Taiwan Dollar

Item	Amount
Accumulated undistributed earnings at the beginning of the period	239,412,725
Add : Net profit after tax	166,000,921
Add : Other comprehensive income (after tax)	2,591,293
Less : 10% legal reserve	(16,859,221)
Add : Provision of special reserve	38,641,197
Distributable net profit	429,786,915
Less : Distributable items :	
Cash Dividends (NT\$ 2 per share)	(132,000,000)
Unappropriated retained earnings	297,786,915

Chairman : SHIH, CHUN-CHIN

Manager: SHIH, CHUN-CHIN

Accounting Supervisor: LAI,ZONG-YAN

KING SHING INDUSTRIAL CO., LTD.

"Articles of Association of the Company" Comparison Table  
of Amended Articles

Before the revision	After the revision	Explanation
<p>Article 7</p> <p>The company's total capital is set at NT\$800 million, divided into 80 million shares, with a par value of NT\$10 per share. The Board of Directors is authorized to issue shares in multiple tranches.</p> <p>Of the total capital, 6 million shares are reserved for employee stock option certificates to exercise stock options, and the Board of Directors is authorized to issue them in multiple tranches.</p> <p>The company shall issue employee stock option certificates in accordance with relevant laws and regulations. If the proposed issuance price of the stock options is not subject to the restrictions of Article 53 of the Securities Offering and Issuance Regulations, the issuance may proceed only after approval at a shareholders' meeting, with the consent of shareholders holding more than half of the issued shares, and with at least two-thirds of the voting rights of the shareholders present at the meeting.</p>	<p>Article 7</p> <p>The company's total capital is set at NT\$<u>1.3</u> billion, divided into <u>130</u> million shares, with a nominal value of NT\$10 per share. The Board of Directors is authorized to issue shares in multiple tranches.</p> <p>Of the total capital, 6 million shares are reserved for employee stock option certificates to exercise stock options, and the Board of Directors is authorized to issue them in multiple tranches.</p> <p>The company shall issue employee stock option certificates in accordance with relevant laws and regulations. If the proposed issuance price of the stock options is not subject to the restrictions of Article 53 of the Securities Offering and Issuance Regulations, the issuance may proceed only after approval at a shareholders' meeting, with the consent of shareholders holding more than half of the issued shares, and with at least two-thirds of the voting rights of the shareholders present at the meeting.</p>	Align with the company's business requirements.
<p>Article 17</p> <p>After the company is listed on the Emerging Stock Board ,shareholders may exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be regarded as being present in person, and all related matters shall be handled in accordance with applicable laws and regulations.</p>	<p>Article 17</p> <p><u>When the company holds a shareholders' meeting</u> ,shareholders may exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be regarded as being present in person, and all related matters shall be handled in accordance with applicable laws and regulations.</p>	Revised text description



Before the revision	After the revision	Explanation
<p>Article 20</p> <p>The company shall have 5 to 9 directors, with a term of three years. A candidate nomination system shall be adopted, and the shareholders' meeting shall elect directors from the list of candidates. Re-election is permitted.</p> <p>Among the directors, the number of independent directors shall be no less than 2, and not less than one-fifth of the total number of directors. A candidate nomination system shall also be adopted for independent directors, and the shareholders' meeting shall elect independent directors from the list of candidates. The professional qualifications, stockholding requirements, restrictions on concurrent positions, nomination and election procedures, and other matters related to independent directors shall be handled in accordance with the relevant regulations of the securities authorities.</p> <p>The company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall consist of all independent directors. The audit committee is responsible for performing the duties of a supervisor as prescribed by the Company Act, the Securities and Exchange Act, and other relevant laws and regulations. The number of members, term of office, powers, meeting rules, and other matters related to the audit committee shall be governed by the organizational rules of the audit committee.</p>	<p>Article 20</p> <p>The company shall have 5 to 9 directors, with a term of three years. A candidate nomination system shall be adopted, and the shareholders' meeting shall elect directors from the list of candidates. Re-election is permitted.</p> <p>Among the directors, the number of independent directors shall be no less than <u>3</u>, and not less than <u>one-three</u> of the total number of directors. A candidate nomination system shall also be adopted for independent directors, and the shareholders' meeting shall elect independent directors from the list of candidates. The professional qualifications, stockholding requirements, restrictions on concurrent positions, nomination and election procedures, and other matters related to independent directors shall be handled in accordance with the relevant regulations of the securities authorities.</p> <p>The company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall consist of all independent directors. The audit committee is responsible for performing the duties of a supervisor as prescribed by the Company Act, the Securities and Exchange Act, and other relevant laws and regulations. The number of members, term of office, powers, meeting rules, and other matters related to the audit committee shall be governed by the organizational rules of the audit committee.</p>	<p>Comply with legal amendments</p>
<p>Article 32:</p> <p>If the company achieves profit in a given year, it shall allocate no less than 1% as employee compensation and no more than 5% as director compensation. However, if the company has accumulated losses, an amount shall be</p>	<p>Article 32:</p> <p>If the company achieves profit in a given year, it shall allocate no less than 1% as employee compensation <u>(50% to 70% of this amount should be allocated to grassroots employees)</u> and no more than 5% as director compensation. However,</p>	<p>Comply with legal amendments</p>

Before the revision	After the revision	Explanation
reserved in advance for the purpose of offsetting those losses. Employee compensation may be in the form of stock or cash, and the recipients may include employees of subsidiary companies who meet certain conditions, which shall be defined by the Board of Directors. The allocation of employee compensation and director compensation shall be decided by a resolution approved by at least two-thirds of the attending directors and a majority of the attending directors, and shall be reported to the shareholders' meeting.	if the company has accumulated losses, an amount shall be reserved in advance for the purpose of offsetting those losses. Employee compensation may be in the form of stock or cash, and the recipients may include employees of subsidiary companies who meet certain conditions, which shall be defined by the Board of Directors. The allocation of employee compensation and director compensation shall be decided by a resolution approved by at least two-thirds of the attending directors and a majority of the attending directors, and shall be reported to the shareholders' meeting.	
<p>Article 36.</p> <p>This chapter was established on February 27, 1989.</p> <p>First amendment on February 20, 2003.</p> <p>Second amendment on November 15, 2005 .</p> <p>Third amendment on November 5, 2008 .</p> <p>Fourth amendment on October 30, 2009 .</p> <p>Fifth amendment on August 10, 2010 .</p> <p>Sixth amendment on January 16, 2013 .</p> <p>Seventh amendment on July 8, 2013 .</p> <p>Eighth amendment on October 29, 2015 .</p> <p>Ninth amendment on May 20, 2019 .</p> <p>Tenth amendment on June 30, 2021 .</p> <p>Eleventh amendment on July 29, 2022 .</p> <p>Twelfth amendment on April 20, 2023 .</p> <p>Thirteenth amendment on February 5, 2024 .</p> <p>Fourteenth amendment on June 28, 2024 .</p>	<p>Article 36.</p> <p>This chapter was established on February 27, 1989.</p> <p>First amendment on February 20, 2003 .</p> <p>Second amendment on November 15, 2005 .</p> <p>Third amendment on November 5, 2008 .</p> <p>Fourth amendment on October 30, 2009 .</p> <p>Fifth amendment on August 10, 2010 .</p> <p>Sixth amendment on January 16, 2013 .</p> <p>Seventh amendment on July 8, 2013 .</p> <p>Eighth amendment on October 29, 2015 .</p> <p>Ninth amendment on May 20, 2019 .</p> <p>Tenth amendment on June 30, 2021 .</p> <p>Eleventh amendment on July 29, 2022 .</p> <p>Twelfth amendment on April 20, 2023 .</p> <p>Thirteenth amendment on February 5, 2024 .</p> <p>Fourteenth amendment on June 28, 2024 .</p> <p><u>Fifteenth amendment on May 27, 2025 .</u></p>	<p>Add the date of this revision.</p>

**KING SHING INDUSTRIAL CO., LTD.**

**"Acquisition or Disposal of Assets Procedures" Comparison  
Table of Amended Articles**

Before the revision	After the revision	Explanation
<p>Article 7: Procedures for the Acquisition or Disposal of Securities Investment:</p> <ol style="list-style-type: none"> <li>1. Evaluation and Operational Procedures: The purchase and sale of the company's securities shall be conducted in accordance with the company's internal control system for the investment cycle.</li> <li>2. Determination of Transaction Conditions and Authorization Limits: If the transaction amount does not exceed 15% of the company's most recent financial report's net value, the chairman is authorized to decide; if the transaction amount exceeds 15% of the company's most recent financial report's net value, it must be submitted to the board of directors for approval before proceeding.</li> <li>3. Execution Unit: The company's finance and accounting unit is responsible for executing the acquisition or disposal of securities after approval as per the authorization limits stated in the previous item.</li> <li>4. Evaluation Criteria and Required Documentation: Before acquiring or disposing of securities, except for situations meeting the following conditions, the company must obtain the most recent financial statements audited by a certified public accountant (CPA) or other</li> </ol>	<p>Article 7: Procedures for the Acquisition or Disposal of Securities Investment:</p> <ol style="list-style-type: none"> <li>1. Evaluation and Operational Procedures: The purchase and sale of the company's securities shall be conducted in accordance with the company's internal control system for the investment cycle.</li> <li>2. Determination of Transaction Conditions and Authorization Limits: If the transaction amount does not exceed 15% of the company's most recent financial report's net value, the chairman is authorized to decide; if the transaction amount exceeds 15% of the company's most recent financial report's net value, it must be submitted to the board of directors for approval before proceeding.</li> <li>3. Execution Unit: The company's finance and accounting unit is responsible for executing the acquisition or disposal of securities after approval as per the authorization limits stated in the previous item.</li> <li>4. Evaluation Criteria and Required Documentation: Before acquiring or disposing of securities, except for situations meeting the following conditions, the company must obtain the most recent financial statements audited by a certified public accountant (CPA) or other</li> </ol>	<p>Align with the company's business requirements.</p>

Before the revision	After the revision	Explanation
<p>related materials for evaluation of transaction price. If the transaction amount exceeds 20% of the company's paid-in capital or New Taiwan Dollars (NT\$) 300 million, the company must engage a CPA to provide an opinion on the reasonableness of the transaction price prior to the event. However, if the securities have an active market with public quotations or if there are other regulations from the Financial Supervisory Commission, this provision does not apply.</p> <p>5. Calculation of Transaction Amount: The transaction amount should be calculated according to the provisions of Article 13, Item 1, Subsection (7). The one-year period is calculated based on the date of the current transaction, tracing back one year. If a professional valuation report or CPA opinion has already been obtained, that portion is not required to be recalculated.</p> <p>6. Limits on Securities Acquisition for the Company and Its Subsidiaries: The total amount of securities the company and its subsidiaries may acquire and the individual investment limit in each security are as follows: (1) Individual Limit: 25% of the company's most recent financial report's net value. (2) Total Limit: 50% of the company's most recent financial report's net value.</p>	<p>related materials for evaluation of transaction price. If the transaction amount exceeds 20% of the company's paid-in capital or New Taiwan Dollars (NT\$) 300 million, the company must engage a CPA to provide an opinion on the reasonableness of the transaction price prior to the event. However, if the securities have an active market with public quotations or if there are other regulations from the Financial Supervisory Commission, this provision does not apply.</p> <p>5. Calculation of Transaction Amount: The transaction amount should be calculated according to the provisions of Article 13, Item 1, Subsection (7). The one-year period is calculated based on the date of the current transaction, tracing back one year. If a professional valuation report or CPA opinion has already been obtained, that portion is not required to be recalculated.</p> <p>6. Limits on Securities Acquisition for the Company and Its Subsidiaries: The total amount of securities the company and its subsidiaries may acquire and the individual investment limit in each security are as follows: (1) Individual Limit: <u>45%</u> of the company's most recent financial report's net value. (2) Total Limit: <u>100%</u> of the company's most recent financial report's net value.</p>	

## **IV. Appendix**

## **Rules and Procedures of Shareholders' Meeting**

### **Article 1**

In order to establish a good governance system of shareholder meetings, improve supervision functions and strengthen management functions of the Company, these rules are made in accordance with the provisions of Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

### **Article 2**

The rules for procedure of the shareholders' meetings of the Company shall be subject to these Rules, unless otherwise specified by laws or regulations.

### **Article 3**

The shareholders' meeting of the Company shall be convened by the board of directors unless otherwise provided by law.

When convening a shareholders' meeting via video conference, it shall be stipulated in the articles of association, approved by the board of directors, and the resolutions of the video conference shareholders' meeting shall be implemented with the consent of more than two-thirds of the attending directors and the majority of the attending directors. Any change in the method of convening the shareholders' meeting by the Company shall be approved by the board of directors and implemented no later than the issuance of the notice of the shareholders' meeting.

Thirty days before the regular shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, the Company shall transmit electronically to the Market Observation Post System (MOPS) the notice of the shareholders' meeting, proxy forms, relevant recognition cases, discussion items, matters related to the election or dismissal of directors, and explanatory materials on each agenda item. Additionally, twenty-one days before the regular shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, the Company shall transmit electronically to the MOPS the shareholders' meeting handbook and supplementary meeting materials. However, if the Company's paid-in capital as of the end of the most recent fiscal year exceeds NT\$10 billion or if the combined foreign and mainland Chinese shareholding ratio listed in the shareholder registry as of the end of the most recent fiscal year reaches thirty percent or more, the aforementioned electronic transmissions shall be completed thirty days before the regular shareholders' meeting. Fifteen days before the shareholders' meeting, the Company shall prepare the relevant shareholders' meeting handbook and supplementary materials for shareholders' perusal and display them at the Company and any professional shareholder service agencies appointed by the Company.

The aforementioned meeting handbook and supplementary materials shall be provided for shareholders' perusal on the day of the shareholders' meeting as follows:

When convening a physical shareholders' meeting, it shall be distributed at the shareholders' meeting venue.

1. When convening a video-assisted shareholders' meeting, it shall be distributed at the shareholders' meeting venue and transmitted electronically to the video conference platform.
2. When convening a video shareholders' meeting, it shall be transmitted electronically to the video conference platform.
3. Notifications and announcements shall specify the purpose of the meeting; notifications agreed upon by the relevant parties may be made electronically.

Items such as the election or dismissal of directors, amendment of the articles of association, reduction of capital, application for cessation of public issuance, director non-competition permission, surplus to capital increase, capital reserve to capital increase, company dissolution, merger, division, or matters specified in Article 185-1 of the Company Law, Article 26-1, Article 43-6 of the Securities Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be enumerated and explained in the convening notice, and shall not be proposed as ad hoc resolutions.

If the purpose of convening the shareholders' meeting is stated to be a comprehensive election of directors, and the date of assumption of office is specified, after the election is completed at the meeting, the date of assumption of office shall not be changed at the same meeting through ad hoc resolutions or other means.

Shareholders holding one percent or more of the total issued shares may submit proposals for the regular shareholders' meeting, limited to one proposal per shareholder. If more than one proposal is submitted, none shall be included in the agenda. Furthermore, if the proposals submitted by shareholders fall under any of the subparagraphs of Article 172-1, paragraph 4 of the Company Law, the board of directors may exclude them from the agenda.

Shareholders may submit advisory proposals to urge the Company to enhance public interests or fulfill social responsibilities. The procedural requirements shall comply with the relevant provisions of Article 172-1 of the Company Law, limited to one proposal per shareholder. If more than one proposal is submitted, none shall be included in the agenda.

Before the convening of the regular shareholders' meeting, the Company shall announce the acceptance of shareholders' proposals, the method of written or electronic submission, the place of submission, and the submission period. The submission period shall not be less than ten days. Shareholder proposals shall be limited to three hundred words; if exceeding three hundred words, the proposal shall not be included in the agenda. Shareholders submitting proposals shall attend the shareholders' meeting in person or authorize others to attend on their behalf and participate in the discussion of the proposal.

Before the date of the shareholders' meeting notice, the Company shall notify the proposing shareholders of the handling results and include the proposals that comply with the provisions of this article in the meeting notice. The reasons for proposals not included in the agenda shall be explained by the board of directors at the shareholders' meeting.

#### **Article 4**

Shareholders may issue a proxy letter issued by the Company for each shareholder meeting, specifying the scope of authorization, the appointed proxy, and the attendance of the shareholder meeting.

Each shareholder may issue only one proxy letter and appoint only one proxy. The proxy letter should be delivered to the Company five days before the shareholder meeting. In case of duplicate proxy letters, the one received first shall prevail. However, the declaration of revocation of the previous proxy shall not be subject to this deadline.

After delivering the proxy letter to the Company, if a shareholder wishes to attend the shareholder meeting in person or wishes to exercise voting rights in writing or electronically, they should notify the Company in writing of the revocation of the proxy two days before the shareholder meeting. If the revocation is overdue, the voting rights exercised by the appointed proxy shall prevail.

After delivering the proxy letter to the Company, if a shareholder wishes to attend the shareholder meeting via video conference, they should notify the Company in writing of the revocation of the proxy two days before the shareholder meeting. If the revocation is overdue, the voting rights exercised by the appointed proxy shall prevail.

#### **Article 5 (The Principles for the Venue and Time of Shareholders' Meetings)**

The location of the shareholders' meeting shall be at the Company's registered office or at a location convenient for shareholders to attend and suitable for holding the shareholders' meeting. The meeting start time shall not be earlier than 9:00 a.m. or later than 3:00 p.m., and the location and time of the meeting shall take into account the opinions of independent directors.

However, when the Company convenes a video conference shareholders' meeting, it is not bound by the aforementioned restrictions on the meeting location.

#### **Article 6 (Preparation of Sign-in Sheet and Other Documents)**

The Company shall include in the meeting notice the time and location for shareholders (hereinafter referred to as "shareholders") to register, as well as other matters to note.

The registration time for shareholders shall be at least thirty minutes before the meeting starts; the registration location shall be clearly marked, and suitable personnel shall be assigned to handle it. For video conference shareholders' meetings, registration shall be accepted on the video conference platform at least thirty minutes before the meeting starts. Shareholders who complete the registration shall be considered as personally attending the shareholders' meeting.

Shareholders shall attend the shareholders' meeting with attendance certificates, attendance sign-in cards, or other attendance documents. The Company shall not arbitrarily request additional proof of attendance from shareholders. Solicitors shall bring identification documents for verification.

The Company shall provide a sign-in sheet for shareholders to sign in, or shareholders may submit sign-in cards for signing in.

The Company shall provide the agenda handbook, annual report, attendance certificates, speaking slips, ballots, and other meeting materials to attending shareholders. For elections of directors, ballots shall be provided separately.



When government agencies or legal entities are shareholders, their representatives at the shareholders' meeting are not limited to one person. When a legal entity is appointed to attend the shareholders' meeting, only one person shall be designated to represent it.

For shareholders' meetings conducted via video conference, shareholders who wish to attend via video conference shall register with the Company at least two days before the shareholders' meeting.

For shareholders' meetings conducted via video conference, the Company shall upload the agenda handbook, annual report, and other relevant documents to the video conference platform at least thirty minutes before the meeting starts, and shall continue to disclose them until the meeting ends.

## **Article 6-1**

When the Company convenes a video conference shareholders' meeting, the meeting notice shall specify the following matters:

1. The methods for shareholders to participate in the video conference and exercise their rights.
2. The handling procedures in the event of obstacles to participating in or conducting the video conference due to natural disasters, incidents, or other force majeure circumstances. These shall include at least the following:
  - (a) In the event that obstacles occur before the meeting, causing the meeting to be postponed or continued, the duration of the obstacle and the rescheduled or continued meeting date shall
  - (b) Shareholders who did not register to participate in the original shareholders' meeting via video conference shall not be allowed to participate in the rescheduled or continued meeting.
  - (c) In the event of a video-assisted shareholders' meeting, if the video conference cannot continue, the meeting shall proceed with the attendance of shareholders who participated via video conference, provided that the total shareholding represented by attending shareholders meets the statutory threshold for convening the shareholders' meeting. Shareholders participating via video conference shall be counted towards the total shareholding represented by attending shareholders, and their votes shall be deemed abstentions for all agenda items of the meeting.
  - (d) Procedures in case all agenda items have been announced with results, and no ad hoc resolutions have been proposed.
3. For the convening of a video conference shareholders' meeting, appropriate alternative measures shall be provided for shareholders who have difficulties participating via video conference. Except in cases specified in Article 44-9(6) of the Guidelines for Handling Securities Affairs of Publicly Issued Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period for shareholders to apply to the Company shall be specified, along with other relevant matters to note.

## **Article 7 ( Chairperson of the Shareholders' Meeting, Attendees)**

If the shareholders' meeting is convened by the Board of Directors, the chairperson shall be the Chairman of the Board. In the event that the Chairman is absent or unable to perform their duties

for any reason, the Vice Chairman shall act as the proxy. If there is no Vice Chairman or the Vice Chairman is also absent or unable to perform their duties, the Chairman shall designate one Executive Director to act as the proxy. If there is no Executive Director, one Director shall be designated by the Chairman to act as the proxy. If the Chairman does not designate a proxy, one Executive Director or Director shall be chosen by mutual recommendation among the Executive Directors or Directors to act as the proxy.

If the chairperson is an Executive Director or a proxy of a Director, they shall have served for at least six months and possess an understanding of the financial and business conditions of the Company. The same applies if the chairperson is a representative of a corporate director.

For shareholders' meetings convened by the Board of Directors, it is preferable for the Chairman of the Board to preside over the meeting in person. Furthermore, a majority of the directors of the Board should be present, and at least one representative from various functional committees should attend. The attendance shall be recorded in the minutes of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the Board of Directors, the chairperson shall be the convening person. If there are two or more convening persons, they shall mutually recommend one person to act as the chairperson.

The Company may appoint appointed lawyers, accountants, or relevant personnel to attend the shareholders' meeting.

#### **Article 8 (Recording or Video Recording of Shareholders' Meeting Proceedings)**

The Company shall record and video record continuously and uninterruptedly the entire process of shareholder registration, meeting proceedings, and voting counting from the commencement of shareholder registration.

The audiovisual data mentioned above shall be retained for at least one year. However, if a lawsuit is filed by shareholders under Article 189 of the Company Law, it shall be retained until the conclusion of the litigation.

In the case of a shareholders' meeting conducted via video conference, the Company shall record and retain data regarding shareholder registration, enrollment, registration, questioning, voting, and company voting results, and shall continuously and uninterruptedly record and video record the entire video conference.

The aforementioned data and audiovisual recordings shall be properly preserved by the Company throughout the retention period, and the recordings shall be provided to the entrusted personnel responsible for handling video conference affairs for safekeeping.

In the case of a shareholders' meeting conducted via video conference, the Company should also record the operation interface of the video conference platform.

#### **Article 9**

Shareholders' attendance at the meeting shall be based on the number of shares held. The number of attending shares shall be calculated based on the signatures in the attendance register, the submission of attendance cards, and the number of shares reported on the video conference platform, including those exercising voting rights in writing or electronically.

Once the meeting time has arrived, the chairman shall promptly declare the meeting open and simultaneously announce the number of shares without voting rights and the total number of attending shares.

However, if the attendance of shareholders representing more than half of the total issued shares is not achieved, the chairman may announce a postponement of the meeting. This postponement may occur up to two times, with a total delay not exceeding one hour. If after two postponements the attendance of shareholders representing more than one-third of the total issued shares is still not met, the chairman shall declare the adjournment of the meeting. In the case of a shareholders' meeting conducted via video conference, the Company shall also announce the adjournment on the video conference platform.

If after two postponements the required attendance is still not met but shareholders representing more than one-third of the total issued shares are present, the chairman may proceed with an informal resolution in accordance with Article 175, Paragraph 1 of the Company Law, and shall notify all shareholders of this informal resolution within one month for the reconvening of the shareholders' meeting. In the case of a shareholders' meeting conducted via video conference, shareholders wishing to attend via video conference shall re-register with the Company as per Article 6.

Before the conclusion of the current meeting, if the attending shareholders representing more than half of the total issued shares, the chairman may submit the informal resolution made to the shareholders' meeting for a vote again in accordance with Article 174 of the Company Law.

## **Article 10**

If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. All relevant proposals (including amendments to original proposals and ad hoc motions) shall be put to a vote. The meeting shall proceed according to the scheduled agenda and shall not be changed without the decision of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Before the conclusion of the agenda set forth in the preceding two paragraphs, the chairman shall not adjourn the meeting without resolution. If the chairman violates the rules of procedure and adjourns the meeting, other members of the board of directors shall promptly assist the shareholders to elect a chairman by a majority vote of the attending shareholders, in accordance with the statutory procedures, to continue the meeting.

The chairman shall provide ample explanation and discussion opportunities for proposals, proposed amendments, or ad hoc motions raised by shareholders. When it is deemed that a sufficient level of discussion has been reached, the chairman may announce the end of the discussion, put the matter to a vote, and allocate an appropriate voting time.

## **Article 11 (Shareholder Speech)**

Before speaking at the shareholder meeting, shareholders must first fill out a speech slip indicating the purpose of their speech, shareholder account number (or attendance card number), and name, with the speaking order determined by the chairman.

If a shareholder attends the meeting but does not speak, it is considered as if they did not speak. If the content of the speech does not match what is written on the speech slip, the content of the speech prevails.

Each shareholder is allowed to speak on the same agenda item no more than twice, with each speech limited to five minutes, unless otherwise approved by the chairman. The chairman may stop a shareholder from speaking if their speech violates the rules or goes beyond the scope of the agenda. During a shareholder's speech, other shareholders must not speak or disrupt without the consent of the chairman and the speaking shareholder, and the chairman should intervene if there is a violation.

When a corporate shareholder appoints two or more representatives to attend the shareholder meeting, only one person may speak on the same agenda item.

After a shareholder speaks, the chairman may personally respond or designate relevant personnel to do so.

In the case of a shareholder meeting conducted via video conference, shareholders participating via video may submit questions in writing on the video conference platform from the time the meeting is called to order until it is adjourned, with each question limited to two times and 200 words each time. The provisions from the first to the fifth paragraph do not apply in this case.

Questions that do not violate the rules or go beyond the scope of the agenda should be disclosed on the video conference platform for everyone's information.

## **Article 12 (Calculation of Voting Shares, Abstention System)**

The voting at shareholders' meetings shall be based on shareholding. The shares held by shareholders without voting rights shall not be counted towards the total number of issued shares in the resolution of the shareholders' meeting. Shareholders who have a conflict of interest that may harm the interests of the company shall not participate in the vote and shall not delegate their voting rights to other shareholders. The shares for which voting rights cannot be exercised shall not be counted towards the total voting rights of the shareholders present. Except for trust enterprises or stock agents approved by the securities regulatory authority, when one person is entrusted by two or more shareholders simultaneously, the voting rights delegated shall not exceed three percent of the total voting rights of the issued shares, and any excess voting rights shall not be counted.

## **Article 13**

Shareholders are entitled to one vote per share; however, those restricted or listed as having no voting rights under Article 179, Paragraph 2 of the Company Act are excluded from this limit.

During the period when the company's stocks are registered on the Emerging Stock Market or listed on the stock exchange, shareholders' meetings may be conducted electronically, and shareholders may exercise their voting rights in writing. The method of exercising voting rights shall be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to be present at the shareholders' meeting. However, with regard to ad hoc resolutions and amendments to original proposals made at the shareholders' meeting, they

are deemed to have abstained. Therefore, the company should avoid proposing ad hoc resolutions and amendments to original proposals.

For shareholders who exercise their voting rights in writing or electronically, their expressions of intention shall be delivered to the company at least two days before the meeting. In case of duplicate expressions of intention, the one received first shall prevail. However, this does not apply to expressions of intention that have been revoked before the deadline.

If a shareholder wishes to attend the shareholders' meeting in person or via video conferencing after exercising their voting rights in writing or electronically, they should withdraw their previous expression of intention to vote in the same manner as used for exercising voting rights at least two days before the meeting. If the withdrawal is made after the deadline, the voting rights exercised in writing or electronically shall prevail. If a shareholder exercises their voting rights in writing or electronically and appoints a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy shall prevail.

Unless otherwise provided by the Company Act or the company's articles of incorporation, resolutions at the shareholders' meeting shall be passed with the consent of more than half of the voting rights of the shareholders present. During the voting process, shareholders shall vote, and the results of their approval, disapproval, or abstention shall be entered into the Market Observation Post System on the day of the shareholders' meeting.

When there are amendments or alternative proposals for the same agenda item, the chairman shall determine the voting order for them together with the original proposal. If one of the proposals has already been passed, the other proposals shall be deemed rejected, and there is no need for further voting.

The chairman shall appoint scrutineers and vote counters for the voting on resolutions or elections at the shareholders' meeting, but the scrutineers shall be shareholders themselves.

The vote counting and tallying for the resolutions or election of items on the agenda of the shareholders' meeting shall be conducted publicly at the meeting venue, and the results, including the number of votes, shall be announced immediately after the counting is completed, and records shall be made.

In the case of shareholders' meetings conducted via video conferencing, shareholders participating via video conferencing shall vote on each agenda item and election of items through the video conferencing platform after the chairman announces the start of the meeting, and they shall complete the voting before the chairman announces the end of the voting. Those who exceed the time limit shall be deemed to have abstained.

For shareholders' meetings conducted via video conferencing, the chairman shall conduct a one-time vote counting after announcing the end of the voting, and the results of the resolutions and elections shall be announced.

When the company convenes an auxiliary shareholders' meeting with video conferencing, shareholders, solicitors, or proxies who have registered to attend the shareholders' meeting via video conferencing in accordance with Article 6 and wish to attend the physical shareholders' meeting in person shall withdraw their registration in the same manner as the registration at least two days before the shareholders' meeting. Failure to withdraw within the deadline will result in only the option to attend the shareholders' meeting via video conferencing.

For shareholders who exercise their voting rights in writing or electronically and subsequently participate in the shareholders' meeting via video conferencing without withdrawing their expression of intention, except for ad hoc resolutions, they may not exercise voting rights on the original proposal again, propose amendments to the original proposal, or vote on amendments to the original proposal.

#### **Article 14**

When there is an election of directors at a shareholders' meeting, it should be conducted in accordance with the relevant appointment regulations set forth by the company. The election results, including the list of elected directors with their respective vote counts and the list of unsuccessful candidates with their respective vote counts, should be announced on the spot.

The ballots for the election items mentioned above should be sealed and signed by the scrutineers, then properly preserved for at least one year. However, if shareholders file a lawsuit pursuant to Article 189 of the Company Act, they should be preserved until the conclusion of the lawsuit.

#### **Article 15**

Resolutions adopted at shareholders' meetings should be documented in minutes, signed or stamped by the chairperson, and distributed to each shareholder within twenty days after the meeting. The production and distribution of minutes may be conducted electronically.

The distribution of minutes mentioned above may be announced through the Taiwan Stock Exchange or the Taipei Exchange's public information system.

Minutes should accurately record the date, time, venue, chairperson's name, decision-making method, key points of the proceedings, and voting results (including weighted voting). In the case of director elections, the number of votes received by each candidate should be disclosed. These minutes should be permanently preserved during the company's existence.

For shareholders' meetings conducted via video conference, in addition to the aforementioned requirements, the minutes should also include the start and end times of the meeting, the method of convening the meeting, the names of the chairperson and the recorder, alternative measures provided to shareholders facing difficulties participating via video, and the handling procedures and outcomes in case of obstacles or disruptions to the video conference platform or participation.

When the company conducts video shareholders' meetings, in addition to complying with the above provisions, the minutes should specify the alternative measures provided to shareholders facing difficulties participating via video.

#### **Article 16 (Public Announcement)**

The company shall compile a statistical table on the shares solicited by the solicitor, shares represented by proxy, and shares attended via written or electronic means, in accordance with the prescribed format, on the day of the shareholders' meeting, and shall clearly display it at the venue of the meeting; in the case of a shareholders' meeting conducted via video conference, the company shall upload the aforementioned information to the shareholders' meeting video conference platform

at least thirty minutes before the meeting starts, and shall continue to disclose it until the meeting ends.

When the company convenes a video conference for a shareholders' meeting, the number of shareholders attending shall be disclosed on the video conference platform upon the announcement of the meeting. The same applies if there is another statistical attendance count during the meeting.

For resolutions of shareholders' meetings that constitute significant information as prescribed by laws or regulations of the Taiwan Stock Exchange Corporation (Taiwan Stock Exchange) or the Gretai Securities Market, the company shall transmit the content to the Market Observation Post System within the prescribed time frame.

#### **Article 17 (Maintenance of Venue Order)**

The personnel in charge of organizing shareholder meetings shall wear identification badges or armbands.

The chairman may direct marshals or security personnel to assist in maintaining order at the venue. Marshals or security personnel assisting in maintaining order shall wear armbands or identification badges bearing the words "Marshal" when present.

If there is a public address system at the venue, shareholders speaking through equipment not provided by the company may be prohibited by the chairman.

Shareholders who violate the rules of procedure, refuse to comply with the chairman's correction, and obstruct the conduct of the meeting despite being warned, may be asked to leave the venue by the chairman directing marshals or security personnel.

#### **Article 18 (Breaks, Resumption of Meeting)**

During the meeting, the chairman may announce breaks at appropriate intervals. In the event of force majeure, the chairman may temporarily suspend the meeting and announce a resumption time as circumstances permit.

If the venue scheduled for the meeting becomes unavailable before the agenda is completed, the shareholders' meeting may decide to relocate to continue the meeting.

The shareholders' meeting may decide to postpone or resume the meeting within five days in accordance with Article 182 of the Company Law.

#### **Article 19 (Disclosure of Information for Video Conferences)**

For meetings conducted via video conference, the company shall promptly disclose the results of each motion and election, in accordance with regulations, on the video conference platform after the voting concludes. This disclosure shall continue for at least fifteen minutes after the chairperson announces the adjournment of the meeting.

## **Article 20 (Location of Chairman and Recording Personnel for Video Conference Shareholders' Meeting)**

When the company convenes a video conference shareholders' meeting, the chairman and recording personnel should be at the same location within the country, and the chairman should announce the address of that location at the beginning of the meeting.

## **Article 21 (Handling of Disconnection)**

For a shareholders' meeting conducted via video conference, the company may conduct a simple connectivity test for shareholders before the meeting and provide relevant services promptly during and prior to the meeting to assist in addressing technical communication issues.

In the event of circumstances such as natural disasters, emergencies, or other force majeure events causing a disruption to the video conference platform or participation via video conferencing for more than thirty minutes, the chairman shall, unless exempted under Article 44-20, paragraph 4 of the Guidelines for Handling Corporate Services of Publicly Issued Companies, announce within five days a postponement or continuation of the meeting before declaring adjournment. This provision is not subject to Article 182 of the Company Act.

Shareholders who were not registered for participation via video conferencing at the original shareholders' meeting shall not be allowed to participate in the postponed or continued meeting.

For a meeting postponed or continued as per the provisions of paragraph 2, shareholders who were registered for participation via video conferencing at the original shareholders' meeting and completed the check-in process but did not participate in the postponed or continued meeting shall have their shareholding, exercised voting rights, and election rights included in the total shares, voting rights, and election rights of the shareholders attending the postponed or continued meeting.

When conducting a meeting postponed or continued as per the provisions of paragraph 2, matters that have already undergone voting and vote counting, with the voting results or the list of elected directors announced, shall not require reconsideration or re-voting.

In the case of a video-assisted shareholders' meeting where continuation of the video conference is not feasible as described in paragraph 2, if the total shares represented at the meeting, after deducting those represented by shareholders attending via video conferencing, still meet the legal quorum required for the meeting, the meeting shall proceed without the need for postponement or continuation as per the provisions of paragraph 2.

In the event described in the preceding paragraph, the shares represented by shareholders participating via video conferencing shall be counted towards the total shares represented at the shareholders' meeting. However, they shall be considered as abstaining from voting on all agenda items for that shareholders' meeting.

When the company postpones or continues a meeting as per the provisions of paragraph 2, it shall carry out the relevant preparatory work according to the original shareholders' meeting date and the provisions of the respective articles listed under Article 44-20, paragraph 7 of the Guidelines for Handling Corporate Services of Publicly Issued Companies.

For the shareholders' meeting date set for postponement or continuation under the provisions of paragraph 2, the company shall proceed in accordance with the latter part of Article 12 of the Regulations Governing Shareholders' Meetings of Public Companies, Article 44-5, paragraph 2,



Article 44-15, and Article 44-17, paragraph 1 of the Guidelines for Handling Corporate Services of Publicly Issued Companies.

#### **Article 22 (Handling of Digital Discrepancies)**

When holding a virtual shareholders' meeting, the company should provide appropriate alternative measures for shareholders who have difficulties attending the meeting via video conference. Except for situations specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Corporate Affairs of Publicly Issued Companies, the company must at least provide shareholders with connection equipment and necessary assistance, and specify the period during which shareholders can apply to the company and other relevant points to note.

#### **Article 23**

This regulation shall come into effect upon approval by the shareholders' meeting, and the same shall apply to any amendments.

**KING SHING INDUSTRIAL CO., LTD.**

**Articles of Association of the Company**

**Chapter 1: General Provisions**

Article 1: This company is organized in accordance with the provisions of the Company Act and is named KING SHING INDUSTRIAL CO.,LTD. in English.

Article 2: The businesses operated by this company are as follows:

1. CD01030 - Automobile and Parts Manufacturing Industry
2. CD01040 - Motorcycle and Parts Manufacturing Industry
3. CD01050 - Bicycle and Parts Manufacturing Industry
4. CA02060 - Metal Container Manufacturing Industry
5. CC01030 - Electrical and Audiovisual Electronics Product Manufacturing Industry
6. CC01080 - Electronic Components Manufacturing Industry
7. F401010 - International Trade Industry
8. ZZ99999 - Apart from licensed operations, may engage in businesses not prohibited or restricted by law.

Article 3: The headquarters of this company is located in Taoyuan City, Republic of China (Taiwan). When necessary, with the resolution of the board of directors, branch offices may be established domestically or internationally.

Article 4: The methods of public announcement of this company shall be conducted in accordance with Article 28 of the Company Act.

Article 5: This company may provide guarantees to external parties.

Article 6: With the resolution of the board of directors, this company may make investments domestically and internationally. When acting as a limited liability shareholder of other companies, the total amount of investments shall not exceed 40% of the actual paid-in capital of this company, as stipulated by Article 13 of the Company Act.

**Chapter 2: Shares**

Article 7: The total capital of the company is set at NT\$800 million, divided into 80 million shares, with a par value of NT\$10 per share. The Board of Directors is authorized to issue shares in multiple installments.

Out of the aforementioned total capital, 6 million shares are reserved for the exercise of employee stock options. The Board of Directors is authorized to issue these shares in multiple installments.

In accordance with relevant laws and regulations regarding the issuance of employee stock options, if the proposed issuance price of the stock options does not fall under the restrictions stipulated in Article 53 of the Regulations Governing the Offering and Issuance of Securities by Issuers, the issuance may only proceed upon approval by a shareholder meeting attended by more than half of the total number of issued shares and with the affirmative vote of more than two-thirds of the voting rights represented at the meeting.

Article 8: The shares of this company are registered, and they are signed or stamped by a director representing the company, and issued after being certified by the competent authority or its designated registration institution. The company's issued shares may be exempt from printing stock certificates, but they should be registered with a securities central depository institution.

Article 9: The employee stock options, restricted employee rights shares, and newly issued shares of this company shall reserve a certain proportion for subscription by employees or for repurchase of shares for transfer to employees in accordance with the law. The recipients of such issuance or transfer may include employees of subsidiary companies who meet certain conditions, the conditions and transfer methods of which shall be determined by the board of directors.

Article 10: The management of the company's stocks shall be conducted in accordance with the Guidelines for Handling Stock Affairs of Publicly Issued Stock Companies issued by the Financial Supervisory Commission, unless otherwise stipulated by laws or regulations.

Article 11: Changes recorded in the shareholder register shall not be made within sixty days before the annual general meeting of shareholders, within thirty days before an extraordinary general meeting of shareholders, or within five days before the record date for the distribution of dividends or other benefits determined by the company.

### **Chapter 3: Shareholders' Meeting**

Article 12: Shareholders' meetings are divided into regular meetings and extraordinary meetings. Regular meetings shall be convened at least once a year, convened by the board of directors within six months after the end of each fiscal year in accordance with the law. Extraordinary meetings shall be convened when necessary according to the law.

Article 13: Each shareholder of the company, unless otherwise stipulated by law, shall have one voting right for each ordinary share.

Article 14: Shareholders' meetings of the company may be conducted via video conference or other methods announced by the competent authority.

Article 15: Unless otherwise stipulated by the Company Act, resolutions of the shareholders' meeting shall be adopted with the affirmative vote of more than half of the total number of issued shares represented by the shareholders present, and with the affirmative vote of more than half of the voting rights represented at the meeting.

- Article 16: Shareholders who are unable to attend the shareholders' meeting due to reasons may issue a power of attorney specifying the scope of authorization, authorizing a proxy to attend the shareholders' meeting. The method of shareholders authorizing attendance shall be handled in accordance with the "Rules for the Use of Proxy Forms by Shareholders of Publicly Issued Companies" issued by the competent authority, in addition to the provisions of Article 177 of the Company Act.
- Article 17: After the company's stocks are publicly traded, shareholders may exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be deemed to be present in person. All related matters shall be handled in accordance with the relevant laws and regulations.
- Article 18: When the shareholders' meeting is convened by the board of directors, it shall be chaired by the chairman of the board. In the absence or inability of the chairman to exercise his/her duties, the chairman shall designate another director as the chairman. If no designation is made, the directors shall elect a chairman from among themselves.
- Article 19: Decisions made at the shareholders' meeting shall be recorded in the minutes, which shall be signed or stamped by the chairman and distributed to each shareholder within twenty days after the meeting. The preparation and distribution of the minutes shall be handled in accordance with Article 183 of the Company Act.

#### **Chapter 4: Directors and Audit Committee**

- Article 20: The company shall have 5-9 directors, each serving a term of three years. Directors shall be nominated by a candidate nomination system, and appointed from the list of director candidates by the shareholders' meeting. Directors may be re-elected consecutively.

In the preceding provision, the number of independent directors shall not be less than 2 persons, and shall not be less than one-fifth of the total number of directors. Independent directors shall be nominated by a candidate nomination system and appointed from the list of independent director candidates by the shareholders' meeting. Matters concerning the professional qualifications, shareholding, concurrent positions restrictions, nomination and appointment procedures, and other matters to be complied with regarding independent directors shall be handled in accordance with relevant regulations of the securities regulatory authority.

The company shall establish an audit committee in accordance with Article 14-4 of the Securities Exchange Act, which shall be composed of all independent directors and shall be responsible for exercising the powers of supervisors stipulated by the Company Act, the Securities Exchange Act, and other laws and regulations. Matters such as the number of members, term of office, powers, and rules of procedure of the audit committee shall be governed by the regulations of the audit committee organization.

- Article 21: The board of directors shall be chaired by the chairman of the board, who is elected by more than two-thirds of the directors present at the board meeting. If the majority of the directors present agree, a vice chairman may also be elected as needed in the same

manner. The chairman represents the company externally. In the event that the chairman is absent or unable to perform his/her duties for any reason, the provisions of Article 208 of the Company Act shall apply.

Article 22: The board of directors shall be convened by the chairman of the board unless otherwise stipulated by the Company Act. Except as otherwise provided by law, resolutions of the board of directors shall be adopted by a majority vote of the directors present at the meeting, with the agreement of the majority of the directors present. In the event that a director is unable to attend the board meeting for any reason, they may appoint another director as their proxy to attend the meeting in accordance with Article 205 of the Company Act, provided that one proxy is limited to representing one absent director.

Article 23: The convocation of the board of directors shall specify the reasons and shall notify each director in writing, by fax, email, or other electronic means, at least seven days in advance. However, in case of emergency, the board of directors may be convened at any time.

Article 24: The powers of the board of directors are as follows:

1. Deliberation on business policies, medium- and long-term development plans, and supervision of the execution of annual business plans.
2. Proposal of preliminary budgets.
3. Formulation of plans for capital increase or decrease.
4. Proposal of profit distribution or loss offsetting.
5. Proposal of significant external contracts.
6. Proposal of amendments to the company's articles of association.
7. Formulation of the company's organizational regulations and important business regulations.
8. Establishment, closure, reorganization, or dissolution of branches.
9. Appointment or dismissal of the company's executives.
10. Selection of auditors for audit verification.
11. Convocation of shareholders' meetings.
12. Proposal of the purchase or disposal of significant company assets.
13. Proposal of endorsements or guarantees for the company's external obligations; formulation of investment plans abroad.
14. Proposal of using dividends, profits, or surplus reserves to increase capital.
15. Exercise of powers under Article 202 of the Company Act.
16. Resolutions regarding the distribution of cash dividends to shareholders, statutory surplus reserves, and capital reserves.

Article 25: The proceedings of the board of directors shall be recorded in minutes, which shall be signed or stamped by the chairman and distributed to each director within twenty days after the meeting. The minutes shall record the date, time, and location of the meeting,

the name of the chairman, the method of decision-making, and shall include the main points and results of the proceedings. The minutes, along with the attendance register of directors and proxy appointment documents for proxy attendance, shall be kept by the company.

Article 26: The board of directors may establish various functional committees, and the qualifications, powers, and related matters of their members shall be handled in accordance with relevant laws and regulations, as determined by the board of directors.

Article 27: The remuneration of all directors shall be determined by the board of directors based on the usual industry standards, as well as their level of participation and contribution to the operation of the company.

Article 28: The board of directors may, based on actual needs, with the attendance of more than half of the directors and the agreement of the majority of the directors present, purchase liability insurance for each term of directors during their term of office within the scope of their duties, as required by law.

## **Chapter 5: Management**

Article 29: The company may appoint managers, and their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

## **Chapter 6: Accounting**

Article 30: The company adopts the calendar year system, with each accounting year running from January 1st to December 31st.

Article 31: At the end of each accounting year, the board of directors shall prepare (1) an operating report, (2) financial statements, and (3) a proposal for profit distribution or loss offsetting. These documents shall be submitted to the shareholders' meeting for approval in accordance with the statutory procedures.

Article 32: If the company earns a profit for the year, it shall allocate not less than 1% for employee remuneration and not more than 5% for director remuneration. However, if the company has accumulated losses, an amount shall be set aside in advance for offsetting these losses. Employee remuneration may be distributed in the form of stocks or cash, and the recipients shall include employees of subsidiary companies who meet certain conditions, which shall be determined by the board of directors. The distribution of employee and director remuneration shall be approved by a resolution of the board of directors with the affirmative vote of at least two-thirds of the directors present and with the agreement of the majority of the directors present, and shall be reported to the shareholders' meeting.

Article 33: If the company has a surplus in its annual financial statements, taxes should be paid first, followed by offsetting accumulated losses. Next, ten percent should be set aside as statutory surplus reserves. However, if the statutory surplus reserves have reached the paid-in capital, this limit does not apply. Additionally, in accordance with laws or regulations or provisions of the competent authority, special surplus reserves may be allocated or reversed. The remaining balance may be considered distributable

profits, taking into account undistributed profits from the beginning of the period. After considering any reservations, the board of directors shall prepare a proposal for profit distribution, which shall be submitted to the shareholders' meeting for resolution and distribution.

The company authorizes the board of directors, with the presence of two-thirds or more of the directors and the resolution of a majority of the directors present, to distribute all or part of the dividends, bonuses, capital surplus, or statutory surplus reserves that should be distributed in the form of cash, and report to the shareholders' meeting.

The company, currently in a growth stage, adopts a policy of allocating dividends from accumulated distributable earnings. Dividend distribution takes into account factors such as the current and future investment environment, capital requirements, domestic and international competitive conditions, and capital budgeting, while also balancing shareholder interests and the company's long-term financial planning. The dividend distribution should not be less than 30% of the distributable earnings for the current year, with at least 20% of the dividends for the year being allocated as cash dividends. However, the Board of Directors reserves the right to adjust this ratio based on the overall operating conditions at the time.

When the company makes provisions for special surplus reserves in accordance with the law, if there is an insufficient provision for the "net increase in fair value of investment properties from the cumulative prior period" and "net decrease in other equity items from the cumulative prior period," before distributing profits, it should first allocate the same amount from the undistributed profits from prior periods to the special surplus reserves. If there is still an insufficiency, the amount should then be allocated from the current year's after-tax net profit, plus any other items beyond the current year's after-tax net profit, to the undistributed profits for the current period.

## **Chapter 7: Supplementary Provisions**

Article 34: The organization and management regulations of the company shall be separately formulated by the board of directors.

Article 35: Provisions not covered in this articles of association shall be handled in accordance with the Company Law and other relevant laws and regulations.

Article 36: This Articles of Association was established on February 27, 1989.

First Amendment: February 20, 2003.

Second Amendment: November 15, 2005.

Third Amendment: November 5, 2008.

Fourth Amendment: October 30, 2009.

Fifth Amendment: August 10, 2010.

Sixth Amendment: January 16, 2013.

Seventh Amendment: July 8, 2013.

Eighth Amendment: October 29, 2015.

Ninth Amendment: May 20, 2019.

Tenth Amendment: June 30, 2021.

Eleventh Amendment: July 29, 2022.

Twelfth Amendment: April 20, 2023.

Thirteenth Amendment: February 5, 2024.

Fourteenth amendment on June 28, 2024

KING SHING INDUSTRIAL CO., LTD.

President of the Board : SHIH, CHUN-CHIN



**【Appendix III】****KING SHING INDUSTRIAL CO., LTD.****Shareholding of All Directors****Date of Record: March 29, 2025**

Title	Name	Shareholdings (Shares)
Chairman	SHIH, CHUN-CHIN	8,577,000
Director	CHU YUN CO., LTD. Legal Representative : KU, CHI-HUI	3,723,000
Director	QLAO ZHONG INVESTMENT CO., LTD. Legal Representative : SHIH, MENG-CHIN	11,033,000
Director	SHENG JI CHANG INTERNATIONAL CO., LTD. Legal Representative : SHAO, ZHONG-PING	3,870,000
Director	JIN JIE INVESTMENT CO., LTD. Legal Representative : LIU, YEN-TI	150,000
Independent Director	LIU, TENG-FA	—
Independent Director	TSAI, JUNG-FA	—
Independent Director	WANG, CHI-CHUAN	—
Independent Director	CHIU, KUO-WANG	—

Note:

- (1) As of March 29, 2025, the total issued shares of this company amounted to 66,000,000 ordinary shares.
- (2) In accordance with Article 2 of the "Regulations Governing Shareholding Percentage and Verification of Directors and Supervisors of Public Companies," when two or more independent directors are elected, the required shareholding percentage for all non-independent directors is reduced to 80%.
- (3) The total number of shares actually held by all directors is 27,353,000 shares, which meets the statutory requirement of 5,280,000 shares.