



Stock Code:8936

Kuo Toong International Co., Ltd.

2023 Regular Shareholders' Meeting Meeting Agenda

Date: June 21, 2023 at 9:00 am

Venue: No. 2, Yuanshan Rd., Niasong Dist., Kaohsiung City
(Grand Garden Restaurant, 5F, Grand Hotel Kaohsiung)

Meeting Type: In-person Meeting

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Kuo Toong International Co., Ltd.

Procedures for the 2023 Regular Shareholders' Meeting

1. Call to order
2. Opening remarks by the Chair
3. Reports
4. Recognition
5. Discussions
6. Election
7. Other Motions
8. Extemporaneous Motions
9. Adjournment

Kuo Toong International Co., Ltd.
Agenda for the 2023 Regular Shareholders' Meeting

1. Date: June 21, 2023 at 9:00 am
2. Venue: No. 2, Yuanshan Rd., Niasong Dist., Kaohsiung City (Grand Garden Restaurant, 5F, Grand Hotel Kaohsiung)
3. Meeting Type: In-person Meeting
4. Call to order
5. Opening remarks by the Chair
6. Reports
 - (1) Annual Business Report 2022.
 - (2) Annual Audit Committee Report 2022.
 - (3) Report on the distribution of employee and director remuneration for 2022.
 - (4) Report on the distribution of cash dividends from 2022 earnings.
7. Recognition
 - (1) Annual Business Report and Financial Statements 2022.
 - (2) Surplus allocation for 2022.
8. Discussions
 - (1) Amendments to certain provisions of the Articles of Incorporation by the Company.
9. Election: By-election of the Company's directors and independent directors
10. Other Motions: Release of the Company's new directors and their representatives from the prohibition on competing for business
11. Extemporaneous Motions
12. Adjournment

1. Reports:

Motion 1

Content: Annual Business Report 2022 for review.

Description: Please refer to page 7 of Annex 1 of this brochure for the 2022 Annual Business Report.

Motion 2

Content: Annual Audit Committee Report 2022 for review.

Description: Please refer to page 8 of Annex 2 of this brochure for the 2022 Annual Audit Committee Report.

Motion 3

Content: Report on the distribution of employee and director remuneration for 2022 for review.

Description: Pursuant to Article 235-1 of the Company Act and Article 20 of the Company's Articles of Incorporation, no less than 2% of profit for the remuneration of employees and no more than 2% of profit for the remuneration of directors for 2022 were contributed. Employees' remuneration in the amount of NT\$20,677,982, representing 2.5% of profit, and directors' remuneration in the amount of NT\$16,294,250, representing 1.97% of profit, were distributed in cash.

Motion 4

Content: The distribution of cash dividends from 2022 earnings for review.

Description:

1. Subject to Article 20-1 of the Articles of Incorporation, the Board of Directors is hereby authorized to resolve that all or part of the dividends and bonuses to be distributed shall be paid in cash and reported to the shareholders' meeting.
2. The Board of Directors distributed cash dividends of NT\$248,078,157 to shareholders from the 2022 earnings at a rate of NT\$1 per share, which were rounded to the whole dollar amount, with the total amount of less than one dollar transferred to other income of the Company.
3. This motion has been approved by the Board of Directors and the Chairman is authorized to set a separate ex-dividend date and payment date for the payment of dividends. In the event that the number of outstanding shares is affected by subsequent changes in share capital and the dividend payout ratio has to be adjusted as a result, the Chairman is also delegated to deal with the matter at his sole discretion.

2. Recognition

Motion 1 by the Board of Directors

Content: Annual Business Report and Financial Statements 2022 for recognition.

Description:

1. The Company's 2022 financial statements have been approved by the Board of Directors and have been audited and certified by Ernst & Young Taiwan's CPAs Hong Kuo-sen and Lee Fang-wen, who have issued an unqualified audit report.
2. The 2022 Annual Business Report and Financial Statements have been audited by the Audit Committee with an audit report issued and kept on file for reference.
3. For the foregoing business report and financial statements, please refer to page 7 of Annex 1, Annex 3 and pages 9-36 of Annex 4 of this manual.

Resolution:

Motion 2 by the Board of Directors

Content: Surplus allocation for 2022 for recognition.

Description:

1. The Company's 2022 earnings distribution proposal has been approved by the Audit Committee and the Board of Directors.
2. Please refer to page 37-38 of Annex 5 of this manual for the earnings distribution for 2022.

Resolution:

3. Discussions

Motion 1 by the Board of Directors

Content: Amendments to certain provisions of the Articles of Incorporation.

Description:

For the purpose of meeting the operational needs of the Company, it is proposed to amend certain provisions of the Company's "Articles of Incorporation". For the table comparing the provisions before and after the amendment, please refer to pages 39-41 of Annex 6 of this manual for discussion.

Resolution:

4. Election

Motion 1 by the Board of Directors

Content: By-election of the company's directors and independent directors

Description:

- 1.The current directors of the Company were appointed for a term from June 9, 2023 to June 8, 2025, and there are a total of nine directors (including three independent directors).
2. In order to strengthen corporate governance and comply with relevant regulations, an additional independent director position will be added. Two directors have resigned from their positions before February 28, 2023, during this term. Therefore, it is proposed to fill the vacancies through the election of two directors, including one independent director.
- 3.The new directors will assume office immediately upon election at the shareholders' meeting and their term will be the same as that of the current Board of Directors, from June 21, 2023 to June 8, 2025.
- 4.The by-election of directors adopts the candidate nomination system in accordance with the “Regulations Governing the Election of Directors” of the Company, please refer to Appendix 3, page 54 for Regulations Governing the Election of Directors.
5. For a list of candidates for director (including independent director), please refer to Annex 7, page 42 of this manual.
- 6.It's proposed to conduct the by-election.

Results:

5. Other Motions

Motion 1 by the Board of Directors

Content: To lift the prohibition of competition for directors and their representatives

Description:

- 1.Article 209 of Company Act, A director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2.The reason for a director of the Company acts for himself or others as a director or manager is for the purpose of investment; or is appointed by the company as a director or manager of a subsidiary for the need of the company to participate in important operational decisions of that company.
- 3.In order to meet business needs and without prejudice to the interests of the company, it's to request permission to lift the prohibition of competition for new directors (including independent directors) of the Company.
- 4.Please refer to page 43 of Annex 8 of this manual for the names and positions held by the candidates of the company's directors (including independent directors) and their representatives in other companies.

Resolution:

6. Extemporaneous Motions

7. Adjournment

Kuo Toong International Co., Ltd.

2022 Business Report

In 2022, the Company's consolidated net operating revenues were NT\$3,791,723 thousand, decreased by NT\$829,312 from NT\$4,621,035 thousand in 2021, representing a decrease of 18% in consolidated revenues, mainly due to the exclusion of revenue from Fujian Taiming Casting Pipe Technology Co., Ltd. (Fujian Taiming), a Chinese investment that was no longer consolidated into the Company's financial statements since May 2022. The gross margin of 2022 is 29%, representing an increase of 6% comparing to the 23% of 2021.

Consolidated operating expenses for 2022 were NT\$304,601 thousand, a decrease of NT\$168,056 thousand from NT\$472,657 thousand in 2021. Consolidated gross operating profit for 2022 was NT\$1,104,784 thousand, and after deducting the consolidated operating expenses of NT\$304,601 thousand, the consolidated operating income of NT\$800,183 thousand, representing an increase of NT\$204,376 thousand compared to the consolidated operating income of NT\$595,807 thousand in 2021.

The consolidated net non-operating income of NT\$30,914 thousand in 2022 decrease by NT\$135,558 thousand compared to the consolidated net non-operating expense of NT\$104,644 thousand in 2021. The decrease is mainly due to the disposal of investment gain of approximately NT\$206,539 thousand resulting from the loss of control over Fujian Taiming Casting Pipe Technology Co., Ltd. in 2021.

The above consolidated operating income for 2022 was NT\$800,183 thousand, plus consolidated net non-operating incomes of NT\$30,914 thousand, resulting in a consolidated pre-tax net income of NT\$831,097 thousand, and after deducting the consolidated income tax expense of NT\$209,095 thousand, the consolidated net profit after tax was NT\$622,002 thousand, of which net profit after tax attributable to the parent company was NT\$625,146 thousand.

Chairman: Hung Ya-man

President: Hung Ya-man

Accounting Officer: Huang Wen-hui

Kuo Toong International Co., Ltd.

Audit Committee Report

The Audit Committee has approved and the Board of Directors endorsed the Company's 2022 annual business report, parent company only financial statements, consolidated financial statements and appropriation of earnings, of which the Company's 2022 parent company only financial statements and consolidated financial statements have been audited and completed by Ernst & Young Taiwan's CPAs Hong Kuo-sen and Lee Fang-wen, appointed by the Board of Directors, and issued an unqualified audit report.

The Audit Committee has responsibility for overseeing the financial reporting process of the Company.

The Certified Public Accountants (CPAs) are required to communicate with the Audit Committee regarding the following matters in order to certify the Company's parent company only financial statements and consolidated financial statements for 2022:

1. The scope and timing of the audit planned by the CPAs have not yet resulted in any significant audit findings.
2. The CPAs have provided the Audit Committee with a statement that the personnel of the firms for which they work who are subject to independence regulations have complied with the CPA code of professional ethics with respect to independence, and no other relationships or other matters have been identified that might undermine the independence of the CPAs.
3. In the course of communication between the CPAs and the Audit Committee on the critical audit issues, it was determined that there were no critical audit issues that needed to be communicated in the audit report.

The Company's 2022 annual business report, parent company only financial statements, and consolidated financial statements and earnings distribution proposal, as approved by the Audit Committee and endorsed by the Board of Directors, are in compliance with the relevant laws and regulations and are reported as above pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for review and approval.

To

Kuo Toong International Co., Ltd.'s 2023 Regular Shareholders' Meeting

Audit Committee Convenor: Wang, Sen-Jung

April 13, 2023

Independent Auditors' Report

To Kuo Toong International Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of KUO TOONG INTERNATIONAL CO., LTD. (the “Company”) as of December 31, 2022 and December 31, 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the period from January 1, 2022 to December 31, 2022 and from January 1, 2021 to December 31, 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and December 31, 2021, and its financial performance and cash flows for the period from January 1, 2022 to December 31, 2022 and from January 1, 2021 to December 31, 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing the Audit Review of Financial Statements by Certified Public Accountants and the Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical 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 the 2022 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, and we do not provide a separate opinion on these matters.

Operating Revenue

For the year ended December 31, 2022, the Company's public work construction revenue amounted to NT\$1,488,012 thousand, and constituted 62% of the operating revenue, and is significant to the parent company only financial statements of KUO TOONG INTERNATIONAL CO., LTD. As revenue from such construction projects is recognized over time based on the degree of completion, and the degree of completion is measured by the cumulative incurred contract costs as a percentage of the estimated total contract costs, the assumptions used in estimating total contract costs may involve significant estimates and judgments by management, and therefore we determined this as a key audit matter.

Our audit procedures included (but not limited to) assessing the accuracy of the timing regarding the recognition of construction revenues and costs; selecting samples of significant contracts and interviewing with management to understand the specific clauses involving recognition of revenue in each significant contract; selecting samples to test the rationality of the estimates including total cost of contracts, the degree of completion of contracts, the reasonableness of the variable consideration of contracts and onerous contract losses; verifying the accuracy of the current construction in progress by sampling the relevant certificates of the current cost and expense; and recalculating the percentage of completion to confirm the rationality of the construction revenue recognition.

We also assessed the adequacy of disclosures of public work construction revenue. Please refer to Notes V and VI to the Company's parent company only financial statements.

Contingent Liabilities – Fines to Overdue Construction

Kuo Toong Company's main business operations include engineering contracts signed with customers. The possible fines for overdue projects involve significant estimates and judgments, therefore, they are considered key audit matters.

Our audit procedures included selecting samples of significant contracts and interviewing with management to understand the clauses of breach of contract regarding overdue construction; reviewing the communication documents between the Company and the owners and the mediation meeting minutes from authorities, and reviewing the management's assessment documents and the lawyers' opinions on major disputes to assess whether the timing of the estimation and recognition of the contingent liabilities of the Company is adequate.

We also assessed the adequacy of the disclosure of contingent liabilities. Please refer to Notes V

and IX to the Company's parent company only financial statements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying 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 Group to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Group audit engagement, and is responsible for forming the Group audit opinion.

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

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

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

Ernst & Young, Taiwan

The preparation of the financial statements of a public company is approved by the competent authority.

Approval number: FSC Securities Examination No. 1100352201

FSC Securities Examination No. 1010045851

Hong, Kuo-sen

CPAs:

Lee, Fang-Wen

March 13, 2023

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
Current Assets			
Cash and cash equivalents	IV/VI.1	\$693,802	\$209,390
Financial assets measured at amortized cost-current	IV/VI.3、19/VIII	547,726	429,823
Current contract assets	IV/VI.18、19	923,344	740,685
Notes receivable-net	IV/VI.4、19	10,349	20,653
Accounts receivable-net	IV/VI.5、19	194,451	212,760
Accounts receivable - related parties -net	IV/VI.5/VII	876,987	1,657,929
Other receivables	IV/VI.6、19	1,040	381,669
Other receivables -related parties	IV/VI.6/VII	30,650	32,051
Inventories-net	IV/VI.7	250,759	262,551
Other current assets	IV/VI.8/VII	93,587	40,680
Construction refundable deposit		5,540	69,254
Total current assets		3,628,235	4,057,445
Non-current assets			
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	481,198	95,025
Financial assets measured at amortized cost-non-current	IV/VI.3、19/VIII	134,910	87,491
Investments accounted for under equity method	IV/VI.9	2,748,636	2,798,261
Property, plant and equipment	IV/VI.10/VIII	281,878	316,052
Deferred tax assets	IV/VI.23	40,766	30,820
Guarantee deposits paid	VIII	17,581	18,290
Long-term receivables	VI.5/VIII	115,867	-
Other non-current assets -others	IV/VI.8	31,317	73,815
Total non-current assets		3,852,153	3,419,754
Total Assets		\$7,480,388	\$7,477,199

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2022	31 Dec. 2021
Current liabilities			
Short-term loans	IV/VI.11/VII	\$280,000	\$894,341
Short-term notes payable	IV/VI.12	-	9,958
Contract liabilities-current	IV/VI.18/VII	161,001	47,881
Notes payable		133,078	102,972
Accounts payable		365,213	397,243
Accounts payable -related parties	VII	255	737
Other payables	VI.13	123,474	156,866
Other payables - related parties	VI.13/VII	8,896	8,894
Current tax liabilities	IV/VI.23	143,772	125,313
Current portion of bonds payable	IV/VI.14	-	249,951
Current portion of long-term liability	IV/VI.15/VII	128,710	55,973
Other current liabilities - others	VII	102,476	120,598
Total current liabilities		1,446,875	2,170,727
Non-current liabilities			
Bonds payable	IV/VI.14	249,624	-
Long-term loans	IV/VI.15	236,045	337,729
Deferred tax liabilities	IV/VI.23	153,847	122,805
Net defined benefit liabilities - non current	IV/VI.16	7,782	27,305
Other non-current liabilities, others		26,628	17,600
Total non-current liabilities		673,926	505,439
Total liabilities		2,120,801	2,676,166
Equity attributable to the parent company			
Capital	IV/VI.17		
Common stock		2,480,782	2,480,782
Capital surplus	IV/VI.17	1,470,181	1,470,181
Retained earnings	IV/VI.17		
Legal reserve		399,779	355,058
Special reserve		249,554	241,753
Unappropriated earnings		965,195	502,813
Subtotal		1,614,528	1,099,624
Other equity	IV/VI.22		
Exchange differences resulting from translating the financial statements of a foreign operations		(86,692)	(150,187)

Unrealized (profit) and loss of financial assets measured at fair value through other comprehensive income			(119,212)	(99,367)
Subtotal			(205,904)	(249,554)
Total equity			5,359,587	4,801,033
Total liabilities and equity			\$7,480,388	\$7,477,199

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY OF COMPREHENSIVE INCOME

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Notes	2022	2021
Operating revenues	IV/VI.18	\$2,398,708	\$2,346,646
Operating costs	IV/VI.7、16、20/VII	(1,636,740)	(1,538,195)
Gross profit		761,968	808,451
Unrealized gross profit on sales		(7,998)	(6,459)
Realized gross profit on sales		9,073	(2,403)
Gross profit-net		763,043	799,589
Operating expenses	IV/VI.16、20/VII		
Sales and marketing expenses		(3,416)	(4,860)
General and administrative expenses		(103,326)	(68,425)
Research and development expenses		(23,304)	(11,940)
Subtotal		(130,046)	(85,225)
Operating income		632,997	714,364
Non-operating income and expenses			
Other revenue	VI.21	56,150	46,044
Other gain and loss	VI.21	116,876	206
Financial costs	VI.21	(31,537)	(33,488)
Share of profit or loss of associates and joint ventures	IV/VI.9	15,661	(154,893)
Subtotal		157,150	(142,131)
Income from continuing operations before income tax		790,147	572,233
Income tax expense	IV/VI.23	(165,001)	(123,866)
Net income		625,146	448,367
Other comprehensive income (loss)	IV/VI.22		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		17,246	(1,451)
Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(19,845)	-
Income tax related to items that may not be reclassified subsequently		(3,449)	290
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of a foreign operations		63,495	(7,801)
Total other comprehensive income, net of tax		57,447	(8,962)
Total comprehensive income		\$682,593	\$439,405

Earnings per share (NTD)			
Earnings per share-basic	IV/VI.24	\$2.52	\$1.81
Earnings per share-diluted	IV/VI.24	\$2.51	\$1.80

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
 KUO TOONG INTERNATIONAL CO., LTD.
 PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
 For the year ended 31 December 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

ITEMS	Common Stock	Capital surplus	Retained earnings			Other equity		Total Equity
			Legal reserve	Special reserve	Unappropriate d earnings	Exchange differences resulting from translating the financial statements of a foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	
	3110	3200	3310	3320	3350	3410	3420	3XXX
Balance as of 1 January 2021	\$2,480,782	\$1,470,181	\$345,099	\$267,662	\$101,677	\$(142,386)	\$(99,367)	\$4,423,648
Appropriation and distribution of 2020 retained earning								
Legal Reserve	-	-	9,959	-	(9,959)	-	-	-
Cash dividends	-	-	-	-	(62,020)	-	-	(62,020)
Reversal of special reserve	-	-	-	(25,909)	25,909	-	-	-
Net income for the year ended 31 December 2021	-	-	-	-	448,367	-	-	448,367
Other comprehensive income, net of tax for the year ended 31 December 2021	-	-	-	-	(1,161)	(7,801)	-	(8,962)
Total comprehensive income	-	-	-	-	447,206	(7,801)	-	439,405
Balance as of 31 December 2021	<u>\$2,480,782</u>	<u>\$1,470,181</u>	<u>\$355,058</u>	<u>\$241,753</u>	<u>\$502,813</u>	<u>\$(150,187)</u>	<u>\$(99,367)</u>	<u>\$4,801,033</u>
Balance as of 1 January 2022	\$2,480,782	\$1,470,181	\$355,058	\$241,753	\$502,813	\$(150,187)	\$(99,367)	\$4,801,033
Appropriation and distribution of 2021 retained earning								
Legal Reserve	-	-	44,721	-	(44,721)	-	-	-
Special reserve	-	-	-	7,801	(7,801)	-	-	-
Cash dividends	-	-	-	-	(124,039)	-	-	(124,039)
Net income for the year ended 31 December 2022	-	-	-	-	625,146	-	-	625,146

Other comprehensive income, net of tax for the year ended 31 December 2022	-	-	-	-	13,797	63,495	(19,845)	57,447
Total comprehensive income	-	-	-	-	638,943	63,495	(19,845)	682,593
Balance as of 31 December 2022	<u>\$2,480,782</u>	<u>\$1,470,181</u>	<u>\$399,779</u>	<u>\$249,554</u>	<u>\$965,195</u>	<u>\$(86,692)</u>	<u>\$(119,212)</u>	<u>\$5,359,587</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2022	2021	ITEMS	2022	2021
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$790,147	\$572,233	Acquisition of financial assets at amortized cost	(165,322)	(63,564)
Adjustments for:			Acquisition of equity investments under equity method	(100,000)	(29,000)
Income and expense adjustments:			Acquisition of property, plant and equipment	(15,552)	(14,772)
Depreciation	47,537	53,289	Disposal of property, plant and equipment	-	728
Amortization	226	309	(Increase) in refundable deposits	-	(12,561)
Expected credit impairment (gain) losses	(60)	(808)	Decrease in refundable deposits	64,423	-
Interest expense	31,537	33,488	Acquisition of intangible assets	-	(139)
Interest revenue	(31,991)	(28,080)	(Increase) of other non-current financial assets	-	(61,101)
Share of losses(profit) of subsidiaries, associates and joint ventures recognized by the equity method	(15,661)	154,893	Decrease of other non-current financial assets	42,272	-
(Gain) on disposal of property, plant and equipment	-	(59)	Dividends received	-	16,400
Losses on disposal of investments accounted for under equity method	(155,352)	-	Net cash flow from investing activities	(174,179)	(164,009)
Impairment loss on non-financial assets	2,189	-			
Unrealized gross profit	7,998	6,459	Cash flows from financing activities:		
Realized gross profit	(9,073)	2,403	Increase in short-term loans	888,900	1,147,000
Unrealized foreign currency exchange gains	30,220	(9,533)	Decrease in short-term loans	(1,534,706)	(1,365,848)
(Gain) on bargain purchase	(20,810)	-	Decrease in short-term notes payable	(10,000)	(18)
Income and expense adjustments	(113,240)	212,361	Proceeds from bonds issued	249,514	-
Changes in operating assets and liabilities:			Redemption of bonds	(250,000)	-
Contract assets	(182,659)	11,429	Increase in long-term loans	150,000	385,100
Notes receivable-net	10,304	(15,081)	Decrease in long-term loans	(181,053)	(199,901)
Accounts receivable-net	(96,858)	(23,554)	Cash dividends	(124,039)	(62,020)
Accounts receivable- related parties -net	780,942	(129,955)	Net cash used in financing activities	(811,384)	(95,687)
Other receivables	379,989	(4,149)			
Other receivables - related parties	1,401	(7,200)	Net increase in cash and cash equivalents	484,412	113,943
Inventories	11,792	(49,037)	Cash and cash equivalents at beginning of period	209,390	95,447
Other current assets	(47,005)	(8,904)	Cash and cash equivalents at end of period	\$693,802	\$209,390
Contract liabilities	113,120	(152,835)			
Notes payable	30,106	32,667			
Accounts payable	(32,030)	(25,317)			
Accounts payable - related parties	(482)	(194)			
Other payables	(34,707)	(2,415)			
Other payables - related parties	2	-			
Other current liabilities	(18,122)	(5,458)			
Accrued pension liabilities	(2,277)	(17,668)			

Other non-current liabilities	9,028	(7,579)		
Cash generated from operations	1,599,451	379,344		
Interest received	29,438	24,544		
Interests paid	(30,021)	(33,371)		
Income tax paid	(128,893)	3,122		
Net cash provided by operating activities	1,469,975	373,639		

(The accompanying notes are an integral part of the parent company only financial statements.)

Independent Auditors' Report

To KUO TOONG INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of KUO TOONG INTERNATIONAL CO., LTD. and its subsidiaries (the “Group”) as of December 31, 2022 and December 31, 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the period from January 1, 2022 to December 31, 2022 and from January 1, 2021 to December 31, 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and December 31, 2021, and its financial performance and consolidated cash flows for the period from January 1, 2022 to December 31, 2022 and from January 1, 2021 to December 31, 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards and International Financial Reporting Interpretations Committee Interpretations and Standing Interpretations Committee Interpretations approved by the Financial Supervisory Commission (FSC).

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing the Audit Review of Financial Statements by Certified Public Accountants and the Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical 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 the 2022 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, and we do not provide a separate opinion on these matters.

Operating Revenue

For the year ended December 31, 2022, the Group's public work construction revenue amounted to NT\$1,320,404 thousand, and constituted 35% of the consolidated operating revenue, and is significant to the consolidated financial statements of the Group. As revenue from such construction projects is recognized over time based on the degree of completion, and the degree of completion is measured by the cumulative incurred contract costs as a percentage of the estimated total contract costs, the assumptions used in estimating total contract costs may involve significant estimates and judgments by management, and therefore we determined this as a key audit matter.

Our audit procedures included (but not limited to) assessing the accuracy of the timing regarding the recognition of construction revenues and costs; selecting samples of significant contracts and interviewing with management to understand the specific clauses involving recognition of revenue in each significant contract; selecting samples to test the rationality of the estimates including total cost of contracts, the degree of completion of contracts, the reasonableness of the variable consideration of contracts and onerous contract losses; verifying the accuracy of the current construction in progress by sampling the relevant certificates of the current cost and expense; and recalculating the percentage of completion to confirm the rationality of the construction revenue recognition.

We also assessed the adequacy of relevant disclosures of public work construction revenue. Please refer to Notes V and VI to the Company's consolidated financial statements.

Contingent Liabilities – Fines to Overdue Construction

The Group's main business operations include engineering contracts signed with customers. The possible fines for overdue projects involve significant estimates and judgments, therefore, they are considered key audit matters.

Our audit procedures included (not limited to) selecting samples of significant contracts and interviewing with management to understand the clauses of breach of contract regarding overdue construction; reviewing the communication documents between the Group and the owners and the mediation meeting minutes from authorities, and reviewing the management's assessment documents and the lawyers' opinions on major disputes to assess whether the timing of the estimation and recognition of the contingent liabilities of the Group is adequate.

We also assessed the adequacy of the disclosure of contingent liabilities. Please refer to Notes V and IX to the Company's consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial

Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards and International Financial Reporting Interpretations Committee Interpretations and Standing Interpretations Committee Interpretations approved by the Financial Supervisory Commission (FSC), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

Other

Kuo Toong International Co., Ltd. has prepared its parent company only financial statements for the years ended December 31, 2022 and 2021, and we have issued an unqualified audit report thereon for your information.

Ernst & Young, Taiwan

The preparation of the financial statements of a public company is approved by the competent authority.

Approval number: FSC Securities Examination No. 1100352201

FSC Securities Examination No. 1010045851

Hong, Kuo-sen

CPAs:

Lee, Fang-Wen

March 13, 2023

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
Current Assets			
Cash and cash equivalents	IV/VI.1	\$965,896	\$696,200
Financial assets measured at amortized cost-current	IV/VI.3、21/VIII	737,544	1,182,426
Current contract assets	IV/VI.20、21	1,830,969	1,534,616
Notes receivable-net	IV/VI.4、21	10,349	21,675
Accounts receivable-net	IV/VI.5、12、21/VIII	461,559	785,738
Other receivables	VI.6	1,040	393,613
Inventories-net	IV/VI.7	277,422	1,091,511
Other current assets	IV/VI.8/VII	194,864	645,750
Construction refundable deposits		61,657	88,300
Total current assets		4,541,300	6,439,829
Non-current assets			
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	784,908	95,025
Financial assets measured at amortized cost-non-current	IV/VI.3、21/VIII	134,910	127,175
Investments accounted for under equity method	IV/VI.9	-	3,197
Property, plant and equipment	IV/VI.10/VIII	367,969	1,399,304
Right of use assets	IV/VI.22/VIII	14,492	142,252
Intangible assets	IV/VI.11、12	1,516,689	1,365,568
Deferred tax assets	IV/VI.26	42,415	64,426
Guarantee deposits paid	VIII	84,179	77,449
Long-term receivables	VI.5、12/VIII	3,738,303	3,381,694
Other non-current assets -others	IV/VI.8	31,247	188,793
Total non-current assets		6,715,112	6,844,883
Total Assets		\$11,256,412	\$13,284,712

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

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2022	31 Dec. 2021
Current liabilities			
Short-term loans	IV/VI.13/VII/VIII	\$489,980	\$1,495,326
Short-term notes payable	IV/VI.14	-	9,958
Current contract liabilities	IV/VI.20	56,716	179,379
Notes payable	IV	135,192	189,599
Accounts payable	IV	371,331	768,174
Accounts payable -related parties	VII	-	327
Other payables	VI.15	154,354	463,639
Other payables - related parties	VII	-	19,850
Current tax liabilities	IV/VI.26	160,430	130,214
Lease liability-current	IV/VI.22	594	526
Current portion of bonds payable	IV/VI.16/VIII	-	249,951
Current portion of long-term liability	IV/VI.17/VII/VIII	308,635	992,020
Other current liabilities - others		6,233	32,597
Total current liabilities		1,683,465	4,531,560
Non-current liabilities			
Bonds payable	IV/VI.16/VIII	249,624	-
Long-term loans	IV/VI.17/VIII	1,971,330	1,355,783
Deferred tax liabilities	IV/VI.26	303,022	251,929
Lease liability-non current	IV/VI.22	14,499	15,145
Net defined benefit liabilities - non current	IV/VI.18	7,782	27,305
Other non-current liabilities, others		26,433	359,999
Total non-current liabilities		2,572,690	2,010,161
Total liabilities		4,256,155	6,541,721
Equity attributable to the parent company			
Capital	IV/VI.19		
Common stock		2,480,782	2,480,782
Capital surplus	IV/VI.19	1,470,181	1,470,181
Retained earnings	IV/VI.19		
Legal reserve		399,779	355,058
Special reserve		249,554	241,753
Unappropriated earnings		965,195	502,813
Subtotal		1,614,528	1,099,624
Other equity	IV/VI.25		
Exchange differences resulting from translating the financial statements of a foreign operations		(86,692)	(150,187)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(119,212)	(99,367)

Subtotal		(205,904)	(249,554)
Total Equity attributable to the parent company		5,359,587	4,801,033
Non-controlling interests	IV/VI.19 、28	1,640,670	1,941,958
Total equity		7,000,257	6,742,991
Total liabilities and equity		\$11,256,412	\$13,284,712

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

English Translation of Financial Statements Originally Issued in Chinese
 KUO TOONG INTERNATIONAL CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the years ended 31 December 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

Items	Notes	2022	2021
Operating revenues	IV/VI.20	\$3,791,723	\$4,621,035
Operating costs	IV/VI.7、11、23/VII	(2,686,939)	(3,552,571)
Gross profit		1,104,784	1,068,464
Operating expenses	IV/VI.11、22、23/VII		
Sales and marketing expenses		(113,783)	(252,876)
General and administrative expenses		(167,961)	(160,528)
Research and development expenses		(29,829)	(21,008)
Expected credit impairment (losses) profit	IV/VI.21	6,972	(38,245)
Subtotal		(304,601)	(472,657)
Operating income		800,183	595,807
Non-operating income and expenses			
Other revenue	VI.24	36,351	37,404
Other gain and loss	VI.24	182,501	(44,057)
Financial costs	VI.24	(59,193)	(98,188)
Share of profit or loss of associates and joint ventures	IV/VI.9	(128,745)	197
Subtotal		30,914	(104,644)
Income from continuing operations before income tax		831,097	491,163
Income tax expense	IV/VI.26	(209,095)	(164,126)
Net income		622,002	327,037
Other comprehensive income(loss)	IV/VI.25		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		17,246	(1,451)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(19,845)	-
Income tax related to items that may not be reclassified subsequently		(3,449)	290
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of a foreign operations		72,938	(11,083)

Total other comprehensive income(loss), net of tax		66,890	(12,244)
Total comprehensive income		<u>\$688,892</u>	<u>\$314,793</u>
Net income(loss) attributable to:			
Stockholders of the parent		\$625,146	\$448,367
Non-controlling interests		<u>(3,144)</u>	<u>(121,330)</u>
		<u>\$622,002</u>	<u>\$327,037</u>
Comprehensive income attributable to:			
Stockholders of the parent		\$682,593	\$439,405
Non-controlling interests		<u>6,299</u>	<u>(124,612)</u>
		<u>\$688,892</u>	<u>\$314,793</u>
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.27	<u>\$2.52</u>	<u>\$1.81</u>
Earnings per share-diluted	IV/VI.27	<u>\$2.51</u>	<u>\$1.80</u>

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

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company								Non controllin g interests	Total Equity
	Common Stock	Capital surplus	Retained earnings			Other equity		Subtotal		
			Legal reserve	Special reserve	Unappropriat ed earnings	Exchange differences resulting from translating the financial statements of a foreign operations	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
Balance as of 1 January 2021	\$2,480,782	\$1,470,181	\$345,099	\$267,662	\$101,677	\$(142,386)	\$(99,367)	\$4,423,648	\$2,066,570	\$6,490,218
Appropriation and distribution of 2020 retained earning										
Legal Reserve	-	-	9,959	-	(9,959)	-	-	-	-	-
Cash dividends	-	-	-	-	(62,020)	-	-	(62,020)	-	(62,020)
Reversal of special reserve	-	-	-	(25,909)	25,909	-	-	-	-	-
Net income for the year ended 31 December 2021	-	-	-	-	448,367	-	-	448,367	(121,330)	327,037
Other comprehensive income, net of tax for the year ended 31 December 2021	-	-	-	-	(1,161)	(7,801)	-	(8,962)	(3,282)	(12,244)
Total comprehensive income	-	-	-	-	447,206	(7,801)	-	439,405	(124,612)	314,793
Balance as of 31 December 2021	\$2,480,782	\$1,470,181	\$355,058	\$241,753	\$502,813	\$(150,187)	\$(99,367)	\$4,801,033	\$1,941,958	\$6,742,991
Balance as of 1 January 2022	\$2,480,782	\$1,470,181	\$355,058	\$241,753	\$502,813	\$(150,187)	\$(99,367)	\$4,801,033	\$1,941,958	\$6,742,991
Appropriation and distribution of 2021 retained earning										
Legal Reserve	-	-	44,721	-	(44,721)	-	-	-	-	-
Special reserve	-	-	-	7,801	(7,801)	-	-	-	-	-

Cash dividends	-	-	-	-	(124,039)	-	-	(124,039)	-	(124,039)
Net income for the year ended 31 December 2022	-	-	-	-	625,146	-	-	625,146	(3,144)	622,002
Other comprehensive income, net of tax for the year ended 31 December 2022	-	-	-	-	13,797	63,495	(19,845)	57,447	9,443	66,890
Total comprehensive income	-	-	-	-	638,943	63,495	(19,845)	682,593	6,299	688,892
Other - Disposal of subsidiaries	-	-	-	-	-	-	-	-	(307,587)	(307,587)
Balance as of 31 December 2022	\$2,480,782	\$1,470,181	\$399,779	\$249,554	\$965,195	\$(86,692)	\$(119,212)	\$5,359,587	\$1,640,670	\$7,000,257

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

English Translation of Financial Statements Originally Issued in Chinese
KUO TOONG INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Items	2022	2021	Items	2022	2021
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$831,097	\$491,163	Acquisition of financial assets at amortized cost	(27,727)	(2,398)
Adjustments for:			Disposal of financial assets at amortized cost	-	69,982
Income and expense adjustments:			Disposal of subsidiaries (net of cash acquired)	(176,022)	-
Depreciation	54,385	138,511	Acquisition of property, plant and equipment	(43,469)	(73,581)
Amortization	66,293	58,990	Disposal of property, plant and equipment	136	5,449
Expected credit impairment (gain) losses	(6,972)	38,245	Increase in refundable deposits	-	(56,752)
Interest expense	59,193	98,188	Decrease in refundable deposits	19,913	-
Interest revenue	(6,465)	(15,356)	Acquisition of intangible assets	-	(140)
Share of loss (profit) of associates and joint ventures accounted for under equity method	128,745	(197)	Acquisition of right-to-use assets	(31)	-
Losses on disposal of property, plant and equipment	1,801	30,465	Decrease in other non-current assets	(162)	(100,993)
Disposal of investments (gains) accounted for using the equity method	(233,341)	-	Net cash used in investing activities	(227,362)	(158,433)
Impairment loss on non-financial assets	2,477	8,709			
Unrealized foreign currency exchange gains	29,795	(9,533)	Cash flows from financing activities:		
(Gain) on bargain purchase	(26,248)	-	Increase in short-term loans	1,386,280	1,777,068
Income and expense adjustments:	69,663	348,022	Decrease in short-term loans	(2,006,364)	(1,903,744)
Changes in operating assets and liabilities:			Decrease in short-term notes payable	(10,000)	(18)
Contract assets	(480,491)	(321,101)	Proceeds from bonds issued	249,514	-
Notes receivable-net	11,326	(7,322)	Redemption of bonds	(250,000)	-
Accounts receivable-net	(50,187)	197,487	Increase in long-term loans	1,203,160	1,669,868
Other receivables	20,813	(15,562)	Decrease in long-term loans	(346,755)	(1,202,228)
Inventories	(103,482)	(190,756)	Cash dividends	(124,039)	(62,020)
Other current assets	(301,139)	(182,990)	Payments of lease liabilities	(578)	(538)
Contract liabilities	(1,540)	(34,649)	Net cash used in financing activities	101,218	278,388
Notes payable	(54,407)	(41,975)			
Accounts payable	178,089	(37,102)	Effect of exchange rate changes on cash and cash equivalents	41,374	(15,028)
Accounts payable - related parties	(327)	327			
Other payables	483,825	(18,640)	Net Increase in cash and cash equivalents	269,696	209,879
Other payables - related parties	(19,850)	(3,460)	Cash and cash equivalents at beginning of period	696,200	486,321
Other current liabilities	4,560	(1,569)	Cash and cash equivalents at end of period	\$965,896	\$696,200
Accrued pension liabilities	(2,277)	(17,668)			
Other non current liabilities	9,028	65,433			
Cash generated from operations	594,701	229,638			
Interest received	6,465	15,356			
Interests paid	(106,051)	(125,303)			

Income tax paid	(140,649)	(14,739)		
Net cash provided by operating activities	354,466	104,952		

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

Kuo Toong International Co., Ltd
Earnings Distribution
2022

Unit: NTD

Item	Subtotal	Total	Remark
A. Undistributed earnings at beginning of period		326,252,666	
Current-period change in remeasurements of defined benefit plans	13,796,309		
B. Adjustment to undistributed earnings at the beginning of the later period		340,048,975	
C. Net profit after tax for the period		625,146,165	
D. Provision of legal reserve		(63,894,247)	(Note 1)
Reversal of special reserve set aside in previous years		43,650,784	(Note 2)
E. Earnings available for allocation		944,951,677	
Items distributed			
F. Shareholder dividends-cash	(248,078,157)		(Notes 3&4)
Total number of items distributed		(248,078,157)	
G. Undistributed earnings at the end of the period		696,873,520	

Note:

1. In accordance with the Ministry of Economic Affairs 1090109 Jing-Shang-Zi letter No. 10802432410, starting from the appropriation of the Company's earnings in the 2019 financial statements, "net income after tax for the period plus the amount of items other than net income after tax for the period included in undistributed earnings for the year" shall be used as a basis for setting aside legal reserve. The net income after tax for the period of NT\$625,146,165 plus the current change in the remeasurement of the defined benefit plan - NT\$13,796,309 multiplied by 10%, resulted in a provision of NT\$63,894,247 for legal reserve for the period.
2. In accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1090150022, after the adoption of IFRSs for the preparation of financial statements, a special reserve of the same amount should be set aside from the current period's profit or loss and the prior period's undistributed earnings to account for the net decrease in other shareholders' equity that occurred during the year (e.g., the accumulated balances of exchange differences resulting from translating the financial statements of a foreign operation, unrealized gain or loss on available-for-sale financial assets, etc.), and if there is a subsequent reversal of the other net equity, the reversed portion should be reversed to distribute

the earnings to the special reserve. The net decrease in other shareholders' equity for the year was NT\$205,903,494. After deducting the special reserve of \$249,554,278, \$43,650,784 should be set aside as an available earning for allocation for the year.

3. Pursuant to Article 20-1 of the Company's Articles of Incorporation, the distribution of dividends and bonuses, if made in the form of cash, shall be decided by a resolution adopted by at least a majority of directors present in a meeting of the Board of Directors attended by two-thirds or more of all directors.
4. Based on the number of 248,078,157 shares outstanding as at the date prior to the Board meeting, a cash dividend of NT\$1 per share, i.e., NT\$1000 per thousand shares, was allotted, amounting to NT\$248,078,157.

Chairperson:

Manager :

Accounting Manager :

Kuo Toong International Co., Ltd.

Amendments of “Articles of Incorporation”

After	Before	Description
<p>Article 6.</p> <p>The authorized capital of the Company is NT\$4.5 billion divided into 0.45 billion shares with a par value of NT\$10 per share. The unissued shares are authorized to be issued by the Board of Directors in installments as required for business purposes. The above-mentioned capital includes NT\$45 million reserved for the issuance of employee stock options, totaling 4.5 million shares with a par value of NT\$10 per share, which may be issued in installments as determined by the Board of Directors.</p>	<p>Article 6.</p> <p>The authorized capital of the Company is NT\$3 billion divided into 0.3 billion shares with a par value of NT\$10 per share. The unissued shares are authorized to be issued by the Board of Directors in installments as required for business purposes. The above-mentioned capital includes NT\$30 million reserved for the issuance of employee stock options, totaling 3 million shares with a par value of NT\$10 per share, which may be issued in installments as determined by the Board of Directors.</p>	In response to future operational needs.
<p>Article 10.</p> <p>There are two types of shareholders' meetings: regular meetings, which are held once a year within six months after the end of each fiscal year, are convened by the Board of Directors in accordance with the law, and special meetings are convened when necessary in accordance with the law.</p> <p>The Company may hold shareholder meetings through video conferencing or other methods announced by the competent authority.</p> <p>If video conferencing is adopted, it shall comply with relevant regulations and operating procedures, as well as other applicable requirements. Any additional regulations imposed by the competent securities authority shall also be followed.</p>	<p>Article 10.</p> <p>There are two types of shareholders' meetings: regular meetings, which are held once a year within six months after the end of each fiscal year, are convened by the Board of Directors in accordance with the law, and special meetings are convened when necessary in accordance with the law.</p>	In accordance with the addition of Article 172-2 of the Company Act.
<p>Article 14.</p> <p>The Company shall have a Board of Directors consisting of 5 to 11 members, each serving a term of three years, and shall be elected by the shareholders' meeting from persons with legal capacity, with the option of re-election. The total number of shares held by all directors shall not be less than the percentage specified by the competent authority.</p>	<p>Article 14.</p> <p>The Company shall have a Board of Directors consisting of 5 to 9 members, each serving a term of three years, and shall be elected by the shareholders' meeting from persons with legal capacity, with the option of re-election. The total number of shares held by all directors shall not be less than the percentage specified by the competent authority.</p> <p>The rest is omitted.</p>	In accordance with the actual needs of the Company.
<p>Article 20.</p> <p>If the Company has profits during the year, it shall allocate no less than 2% for employee remuneration and no more than 4% for director remuneration, subject to the reservation of amounts necessary to</p>	<p>Article 20.</p> <p>If the Company has profits during the year, it shall allocate no less than 2% for employee remuneration and no more than 2% for director remuneration, subject to the reservation of amounts necessary to</p>	In accordance with the actual needs of the Company.

After	Before	Description
offset any accumulated losses.	offset any accumulated losses.	
<p>Article 22.</p> <p>These Articles of Incorporation were first established on June 2, 1978.</p> <p>The 1st amendment was made on July 11, 1978.</p> <p>The 2nd amendment was made on January 6, 1979.</p> <p>The 3rd amendment was made on March 2, 1979.</p> <p>The 4th amendment was made on January 20, 1980.</p> <p>The 5th amendment was made on December 10, 1980.</p> <p>The 6th amendment was made on August 30, 1981.</p> <p>The 7th amendment was made on March 25 1983.</p> <p>The 8th amendment was made on September 10, 1984.</p> <p>The 9th amendment was made on November 15, 1987.</p> <p>The 10th amendment was made on August 1, 1990.</p> <p>The 11th amendment was made on January 4, 1992.</p> <p>The 12th amendment was made on June 24, 1992.</p> <p>The 13th amendment was made on June 5, 1997.</p> <p>The 14th amendment was made on March 20, 1998.</p> <p>The 15th amendment was made on May 30, 1999.</p> <p>The 16th amendment was made on July 31, 1999.</p> <p>The 17th amendment was made on September 23, 1999.</p> <p>The 18th amendment was made on June 2, 2001.</p> <p>The 19th amendment was made on June 28, 2002.</p> <p>The 20th amendment was made on November 25, 2002.</p> <p>The 21st amendment was made on March 29, 2004.</p> <p>The 22nd amendment was made on June 22, 2005.</p> <p>The 23rd amendment was made on June 23, 2006.</p> <p>The 24th amendment was made on March 30, 2007.</p> <p>The 25th amendment was made on June 10, 2008.</p> <p>The 26th amendment was made on June 24, 2009.</p> <p>The 27th amendment was made on June 8, 2010.</p> <p>The 28th amendment was made on June 23, 2011.</p> <p>The 29th amendment was made on</p>	<p>Article 22.</p> <p>These Articles of Incorporation were first established on June 2, 1978.</p> <p>The 1st amendment was made on July 11, 1978.</p> <p>The 2nd amendment was made on January 6, 1979.</p> <p>The 3rd amendment was made on March 2, 1979.</p> <p>The 4th amendment was made on January 20, 1980.</p> <p>The 5th amendment was made on December 10, 1980.</p> <p>The 6th amendment was made on August 30, 1981.</p> <p>The 7th amendment was made on March 25 1983.</p> <p>The 8th amendment was made on September 10, 1984.</p> <p>The 9th amendment was made on November 15, 1987.</p> <p>The 10th amendment was made on August 1, 1990.</p> <p>The 11th amendment was made on January 4, 1992.</p> <p>The 12th amendment was made on June 24, 1992.</p> <p>The 13th amendment was made on June 5, 1997.</p> <p>The 14th amendment was made on March 20, 1998.</p> <p>The 15th amendment was made on May 30, 1999.</p> <p>The 16th amendment was made on July 31, 1999.</p> <p>The 17th amendment was made on September 23, 1999.</p> <p>The 18th amendment was made on June 2, 2001.</p> <p>The 19th amendment was made on June 28, 2002.</p> <p>The 20th amendment was made on November 25, 2002.</p> <p>The 21st amendment was made on March 29, 2004.</p> <p>The 22nd amendment was made on June 22, 2005.</p> <p>The 23rd amendment was made on June 23, 2006.</p> <p>The 24th amendment was made on March 30, 2007.</p> <p>The 25th amendment was made on June 10, 2008.</p> <p>The 26th amendment was made on June 24, 2009.</p> <p>The 27th amendment was made on June 8, 2010.</p> <p>The 28th amendment was made on June 23, 2011.</p> <p>The 29th amendment was made on</p>	<p>Adding amendment number and date.</p>

After	Before	Description
<p>June 5, 2013</p> <p>The 30th amendment was made on June 18, 2015.</p> <p>The 31st amendment was made on June 8, 2016.</p> <p>The 32nd amendment was made on June 12, 2019.</p> <p>The 33rd amendment was made on June 19, 2020.</p> <p>The 34th amendment was made on July 22, 2021.</p> <p><u>The 35th amendment was made on June 21, 2023</u></p>	<p>June 5, 2013</p> <p>The 30th amendment was made on June 18, 2015.</p> <p>The 31st amendment was made on June 8, 2016.</p> <p>The 32nd amendment was made on June 12, 2019.</p> <p>The 33rd amendment was made on June 19, 2020.</p> <p>The 34th amendment was made on July 22, 2021.</p>	

List of candidates for director (including independent director)

Nomination	Director	Independent Director
Name	Zhou Ting Property Co., Ltd. Legal representative: Hsu Cheng-Che	Chen Thung Kun
Academic background	Institute of Business Management, National Sun Yat-sen University	<ul style="list-style-type: none"> - Master's degree in Construction Engineering and Management, National Taiwan University of Science and Technology - Master of Law program, National University of Kaohsiung
Experience	<ul style="list-style-type: none"> - Taiwan Environment Scientific Co., Ltd. / Senior Manager of Accounting Department - STL Technology Co., Ltd. / Chief Finance Officer 	<ul style="list-style-type: none"> - BES Engineering Co., Ltd. / Legal Manager - Kaohsiung City Government Real Estate Assessment Committee / Commissioner - Kaohsiung City Government Building Dispute Review Committee / Commissioner - Chinese Union of Professional Civil Engineers Association / Vice Chairman - Kaohsiung Association of Real Estate Appraisers / Director - Taiwan Arbitration Association / Director
Current position	Triocean Industrial Corporation Co., Ltd. / Vice President of Administration and Finance Department	BES Engineering Co., Ltd. / Senior Technician and Union Chairman
Shares held during trading halt	1,150,000	0

**Directors (including independent directors) who are candidates to hold other
company names and positions**

No.	Name of Director	Competitiveness Details	
		Company Name	Position
1.	Zhou Ting Property Co., Ltd. Legal representative: Hsu Cheng-Che	Triocean Industrial Corporation Co., Ltd.	Vice President of Administration and Finance Department
2.	Chen Thung Kun	BES Engineering Co., Ltd.	Senior Technician and Union Chairman

Kuo Toong International Co., Ltd.

Articles of Incorporation (Pre-amendment)

Chapter 1 General Principles

- Article 1: The Company is organized under the Company Act and is named **Kuo Toong International Co., Ltd.**
- Article 2: The business activities of the Company are as follows:
1. C901030 Cement Manufacturing.
 2. C901040 Manufacture of Ready-mix Concrete.
 3. C901050 Cement and Concrete Products Manufacturing.
 4. CA01020 Iron and Steel Rolling and Extruding.
 5. CA01050 Steel Secondary processing.
 6. CA02050 Valves Manufacturing.
 7. CB01990 Other Machinery Manufacturing.
 8. E501011 Tap Water Pipelines Contractors.
 9. E603110 Cold Work Engineering.
 10. F106040 Wholesale of Plumbing Materials.
 11. E502010 Fuel Catheter Installation Engineering.
 12. CB01010 Mechanical Equipment Manufacturing.
 13. F401010 International Trade.
 14. CH01010 Sporting Goods Manufacturing.
 15. F112020 Wholesale of Coal and Coal Products.
 16. E604010 Machinery Installation.
 17. E601010 Electric Appliance Construction.
 18. E103101 Environmental protection works Specialized Construction Enterprises.
 19. E103071 Underground Pipeline Works Specialized Construction Enterprises.
 20. CA01030 Iron and Steel Casting.
 21. CA02060 Metal Containers Manufacturing.
 22. E401010 Dredging industry.
 23. E402010 Sandstone, Silt Sea Throwing.
 24. E599010 Piping Engineering.
 25. E603010 Cable Installation Engineering.
 26. E603020 Elevator Installation Engineering.

27. E603040 Fire Safety Equipment Installation Engineering.
28. E603050 Automatic Control Equipment Engineering.
29. E603080 Traffic Signs Installation Engineering.
30. E603090 Lighting Equipments Construction.
31. E603100 Electric Welding Engineering.
32. E603120 Sand Blasting Engineering.
33. E605010 Computer Equipment Installation.
34. E901010 Painting Engineering.
35. E903010 Anti-Corrosion and Anti-Rust Engineering.
36. EZ05010 Instrument and Meters Installation Engineering.
37. EZ07010 Drilling Engineering.
38. EZ09010 Electrostatic Protection and Cancellation Engineering.
39. EZ15010 Warming and Cooling Maintenance Construction.
40. D301010 Water Operator.
41. F212050 Retail Sale of Petroleum Products.
42. Wastewater (Sewage) Treatment
43. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may make an external endorsement or guarantee, and the related operations shall be handled in accordance with the Company's endorsement or guarantee handling procedures.

Article 4: The total amount of the Company's reinvestment shall not be limited by Article 13 of the Company Act, but the Board of Directors may be authorized to determine the amount.

Article 5: The Company has its headquarters in Pingtung County, Taiwan, and may establish branches in Taiwan and abroad if necessary by resolution of the Board of Directors.

Chapter 2 Shares

Article 6: The authorized capital of the Company is NT\$3 billion divided into 0.3 billion shares with a par value of NT\$10 per share. The unissued shares are authorized to be issued by the Board of Directors in installments as required for business purposes. The above-mentioned capital includes NT\$30 million reserved for the issuance of employee stock options, totaling 3 million shares with a par value of NT\$10 per share, which may be issued in installments as determined by the Board of Directors.

- Article 7: Except as otherwise provided in the Securities and Exchange Act, the Company shall follow the "Regulations Governing the Handling of Stock Issued to Public Companies" for the transfer of stock, pledge of rights, loss, inheritance, gift, loss of seal, change of seal or change of address, and other stock transactions by shareholders.
- Article 8: The Company's shares shall be issued in registered form under the signature or seal of the director representing the Company, and shall be licensed in accordance with the law. The Company is exempted from the requirement of Article 162-2 of the Company Act to print the share certificates, but shall register them with the centralized securities depository.
- Article 9: The transfer of the shareholders' name shall cease within 60 days prior to the date of the regular shareholders' meeting, within 30 days prior to the date of the special shareholders' meeting, or within five days prior to the date on which the Company decides to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

- Article 10: There are two types of shareholders' meetings: regular meetings, which are held once a year within six months after the end of each fiscal year, are convened by the Board of Directors in accordance with the law, and special meetings are convened when necessary in accordance with the law.
- Article 11: If a shareholder is unable to attend a shareholders' meeting for any reason, he or she may appoint a proxy to attend the meeting by issuing a proxy form specifying the scope of authority.
- Article 12: Each shareholder of the Company shall have one vote per share, except that each shareholder of the Company shall not have the right to vote if required by Article 179 of the Company Act and related laws and regulations.
- Article 13: Unless otherwise provided in the relevant laws and regulations, a resolution at a shareholders' meeting shall be made with the approval of a majority of the votes of the shareholders present, representing a majority of the total number of outstanding shares.

Chapter 4 Directors

- Article 14: The Company shall have a Board of Directors consisting of 5 to 9 members, each serving a term of three years, and shall be elected by the shareholders' meeting from persons with legal capacity, with the option of re-election. The total number of shares held by all directors shall not be less than the percentage specified by the competent authority.
- The Company may, by resolution of the Board of Directors, procure liability insurance for the directors during their term of office in respect of liabilities arising out of the performance of their business.

- Article 14-1: In accordance with Article 14-2 of the Securities and Exchange Act, the number of independent directors shall not be less than two (2) and not less than one-fifth of the total number of directors, and the election of directors and independent directors shall be based on a candidate nomination system. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be complied with shall be in accordance with the relevant regulations of the competent securities authorities.
- Article 14-2: The Company may remunerate its directors for performing their duties for the Company and authorizes the Board of Directors to determine the value of their participation in and contribution to the Company's operations with reference to the standards of the relevant industry peers and listed companies.
- Article 15: The Board of Directors shall be organized by the directors, and a chairman shall be elected by and from among the directors with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, who shall represent the Company externally.
- Article 16: If the chairman of the board of directors is absent from work or unable to exercise his or her duties for any reason, his or her proxy shall be governed by Article 208 of the Company Act.
- Article 17: Unless otherwise provided in the Company Act and the Articles of Incorporation, a resolution of the Board of Directors shall be made with the consent of a majority of the directors present. If a director is unable to attend the meeting for any reason, he/she may issue a proxy letter listing the scope of authority to convene the meeting and appoint other directors to attend the meeting by proxy, but only if one person is appointed by one person.
- Article 17-1: The Board of Directors shall convene the meeting by stating the reason for the convening and notifying the directors seven days in advance. However, in case of emergency, the meeting may be convened at any time. The foregoing may be notified in writing, by facsimile or electronic means.

Chapter 5 Manager

- Article 18: The Company may have a president and a chief executive officer, and several vice presidents and managers, whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

- Article 19: At the end of each fiscal year, the Board of Directors shall prepare (1) a report on operations (2) financial statements (3) a proposal for distribution of earnings or appropriation of losses, and submit them to the shareholders' meeting for recognition in accordance with the law.
- Article 20: If the Company makes a profit in a year, it shall appropriate not less than 2% of the remuneration of its employees and not more than 2% of the remuneration of its directors, provided that if the Company has accumulated losses, it shall retain the amount to cover such losses before making any appropriation.
- Article 20-1: The Company is in the growth stage of the business, and based on the operational needs of the Company and the consideration of maximizing shareholders' equity, the Company adopts a residual dividend policy for

dividend distribution. If there is any net income in the annual accounts, it will be distributed in the following order:

(1) To make up for prior years' losses.

(2) The Company shall set aside 10% as legal reserve. However, when the legal reserve has reached the Company's total capital, this limitation shall no longer apply.

(3) The special reserve is set aside or reversed by decree or order of the competent authority.

(4) The remaining balance of the shareholders' bonus after the amounts set forth in paragraphs 1 to 3, together with the undistributed earnings from previous years, shall be distributed after the Board of Directors has prepared a proposal for the distribution of earnings by issuing new shares and shall be submitted to the shareholders' meeting for resolution. In accordance with Article 240(5) of the Company Act, the Board of Directors is authorized to distribute dividends and bonuses or all or part of the legal reserve and capital surplus required by Article 241(1) of the Company Act in the form of cash by a resolution of a majority of the directors present, with at least two-thirds of the directors present, and to report to the shareholders' meeting. The distribution of earnings should be at least 15% of the distributable earnings. Cash dividends from the appropriation of earnings shall not be less than 20% of the total amount of dividends distributed in the year.

Chapter 7 Supplementary Provisions

Article 21: All matters not provided for in these Articles of Incorporation shall be governed by the provisions of the Company Act.

Article 22: These Articles of Incorporation were first established on June 2, 1978.

The 1st amendment was made on July 11, 1978.

The 2nd amendment was made on January 6, 1979.

The 3rd amendment was made on March 2, 1979.

The 4th amendment was made on January 20, 1980.

The 5th amendment was made on December 10, 1980.

The 6th amendment was made on August 30, 1981.

The 7th amendment was made on March 25 1983.

The 8th amendment was made on September 10, 1984.

The 9th amendment was made on November 15, 1987.

The 10th amendment was made on August 1, 1990.

The 11th amendment was made on January 4, 1992.

The 12th amendment was made on June 24, 1992.

The 13th amendment was made on June 5, 1997.

The 14th amendment was made on March 20, 1998.

The 15th amendment was made on May 30, 1999.

The 16th amendment was made on July 31, 1999.

The 17th amendment was made on September 23, 1999.

The 18th amendment was made on June 2, 2001.

The 19th amendment was made on June 28, 2002.

The 20th amendment was made on November 25, 2002.

The 21st amendment was made on March 29, 2004.

The 22nd amendment was made on June 22, 2005.

The 23rd amendment was made on June 23, 2006.

The 24th amendment was made on March 30, 2007.

The 25th amendment was made on June 10, 2008.
The 26th amendment was made on June 24, 2009.
The 27th amendment was made on June 8, 2010.
The 28th amendment was made on June 23, 2011.
The 29th amendment was made on June 5, 2013.
The 30th amendment was made on June 18, 2015.
The 31st amendment was made on June 8, 2016.
The 32nd amendment was made on June 12, 2019.
The 33rd amendment was made on June 19, 2020.
The 34th amendment was made on July 22, 2021.

Kuo Toong International Co., Ltd.

Chairman: Hong Ya-man

Kuo Toong International Co., Ltd.
Rules of Procedure for Shareholders Meetings

Jul.22, 2021

Article 1: The Company's shareholders' meetings shall be conducted in accordance with these rules. If there is any matter not covered by these rules, the Company shall comply with the provisions of the Company Act and other relevant laws and regulations.

Article 1-1: Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may make a proposal to promote the public interest or social responsibility, but it shall be limited to one proposal in accordance with Article 172-1 of the Company Act, and any proposal exceeding shall not be included in the motion.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, this Corporation shall give a public notice announcing acceptance of proposal, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

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

Article 2: The shareholders referred to in these Rules shall mean the

shareholders themselves and their proxies attending by proxy.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 3: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 4: The chair shall call the meeting to order at the appointed meeting time and the number of non-voting rights and the number of shares present will be announced at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 5: If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.

Article 6: If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion

of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After close of the shareholders meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place; if the chairman declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, a new chairman of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

Article 7: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 8: When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the preceding rules or exceeds the scope of the agenda item, or disrupts the order of the meeting, the chair may terminate the speech.

Article 9: This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholder's meeting.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 10: Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When a proposal comes

to a vote, if the chair puts the matter before all shareholders present at the meeting and none voices an objection, the matter is deemed approved with the same effect as if it had been put to a vote.

Article 11: At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. The vote counting for resolutions or elections at a shareholders' meeting shall be conducted on site and the results, including the number of votes counted, shall be announced immediately after the vote counting is completed and recorded.

Article 12: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 13: When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.

Article 14: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 15: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Article 16: Staff handling administrative affairs and proctors or security personnel of a shareholders meeting shall wear identification cards or arm bands.

Article 17: The chair may direct the proctors or security personnel to help maintain order at the meeting place.

Article 18: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 19: The Company shall make an uninterrupted audio and video record of the shareholders' meeting and keep it for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Kuo Toong International Co., Ltd.

Procedures for Election of Directors

July 22, 2021

- Article 1: The elections of directors shall be conducted in accordance with these Procedures.
- Article 2: The election of directors of the Company shall be conducted in accordance with the procedures of the candidate nomination system set forth in Article 192-1 of the Company Act.
The election of directors of the Company is based on a cumulative voting system.
Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.
- Article 4: The independent directors and non-independent directors of the Company shall be elected by the shareholders' meeting from among the persons with the number of directors as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5: The convener shall prepare the ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. The name of the voters may be omitted and recording only the serial number of attending certificate.
- Article 6: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number.
However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

- Article 7: A ballot is invalid under any of the following circumstances:
1. The ballot is not prepared by the convener.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 6. The candidate's account name or shareholder account number (or identity card number) are not filled in.
- Article 8: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.
- Article 9: The Board of Directors of the Company shall issue notifications to the persons elected as directors.
- Article 10: The Company Act, the Company's Articles of Incorporation and other relevant laws and regulations shall apply to matters not provided for in these Procedures.
- Article 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Shareholding of Directors

1. The paid-in capital of the Company is NT\$2,480,781,570 and the total number of issued shares is 248,078,157.
2. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by all directors is 12,000,000 shares; in addition, the Company has formed an audit committee of all independent directors in lieu of supervisors in accordance with Article 14-4 of the Securities and Exchange Act.
3. As of the date of the share transfer registration deadline for shareholders' meeting (April 23, 2023), the shareholding status of individual shareholders and all directors are listed in the table below:

Title	Name	Shareholding
Chairman	Tong-Chuan Industry Co.Ltd. Representative: Hong Ya-man	11,000,224
Director	Tong-Chuan Industry Co. Ltd. Representative: Lo Wei-er	11,000,224
Director	Tong-Chuan Industry Co. Ltd. Representative: Pan Ren-zhi	11,000,224
Director	Tong-Chuan Industry Co. Ltd. Representative: Chou Huang-tsan	11,000,224
Independent Director	Wang Sen-rong	3,000
Independent Director	Cheng Shuenn-ren	0
Independent Director	Wu Yen-chiu	0
Combined Shareholding of All Directors		11,003,224