

Stock Code: 3607



Coxon Precise Industrial Co., Ltd.

2023 Annual General Meeting

Meeting Handbook

Date: June 27, 2023

Venue: No. 19-5, Ln. 170, Zhongda Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.) (Xin Tao Fang Restaurant)

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Meeting Procedures

Coxon Precise Industrial Co., Ltd. 2023 Annual General Meeting Procedures

- I. Call the Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Extraordinary Motions
- VII. Adjournment

Meeting Agenda

Coxon Precise Industrial Co., Ltd. 2023 Annual General Meeting Procedures

- I. Time: 10:00 a.m., June 27th, 2023 (Tuesday)
- II. Venue: No. 19-5, Ln. 170, Zhongda Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.) (Xin Tao Fang Restaurant)
- III. Method of convening the meeting: Physical meeting to be convened.
 - (I) Call the Meeting to Order (Reporting on the Number of Attendees)
 - (II) Chairman's Address
 - (III) Report Items
 - 1. 2022 Business Report
 - 2. 2022 Audit Committee Report
 - 3. Report on the Sustainable Development Practice
 - 4. Amendment of the Ethical Corporate Management Best Practice Principles
 - 5. Report of 2022 Director and Supervisor Remuneration
 - 6. Implementation report of rectification plan for the Subsidiary's loaning of funds to others that exceeds the limit
 - 7. Report on Cash Distributions from Capital Surplus
 - (IV) Ratification Items
 - 1. 2022 Business Report and Financial Statements
 - 2. 2022 Deficit Compensation
 - (V) Discussion Items
 - 1. It is proposed to conduct private placement of ordinary shares.
 - (VI) Extraordinary Motions
 - (VII) Adjournment

Report Items

- I. 2022 Business Report
Explanation: For the 2022 Business Report, please refer to Pages 7-8 Attachment 1 of the Meeting Handbook.
- II. 2022 Audit Committee Report
Explanation: For the 2022 Audit Committee Report, please refer to Page 9, Attachment 2 of the Meeting Handbook.
- III. Report on the Sustainable Development Practice.
Explanation: For the Report on the Sustainable Development Practice, please refer to Page 10, Attachment 3 of the Meeting Handbook.
- IV. Amendment of the Ethical Corporate Management Best Practice Principles.
Explanation: For the Ethical Corporate Management Best Practice Principles before and after the amendment, please refer to Pages 11-17, Attachment 4 of the Meeting Handbook.
- V. Report of 2022 Director Remuneration.
Explanation: (I) In accordance with Article 30 of the Articles of Incorporation, if the Company generates profits during the year, an allocation of no more than 3% shall be made and to be paid in cash as the remuneration to directors. However, a reserve is allotted to be used to make up for the company's accumulated losses. Therefore, no director remuneration of 2022 was allocated.
(II) Please refer to Attachment 5 in page 18 to 19 of this agenda for Table of Details and Amount of 2022 Remuneration Received by Individual Directors and Supervisors.
- VI. Implementation report of rectification plan for the Subsidiary's loaning of funds to others that exceeds the limit
Explanation: The Subsidiary Sun Can International Ltd. conducted capital reduction of US\$9 million in August 2021. After the capital reduction, the paid-in capital fell to US\$ 7.93 million. As a result, Sun Can's lending of funds to the Company's sub-subsidiary Sin Xon, with an amount of US\$7.7 million, exceeded the limit for individual and total amount of loaning of funds (calculated based on the net value stated in the financial statements for the quarter ended September 30, 2021.)
Implementation status of rectification plan: On December 29, 2021, the Board of Directors approved that its subsidiary Sun Can invested in sub-subsidiary Sin Xon with creditor's right as capital of the investment. On August 25, 2022, the sub-subsidiary Sin Xon has completed the registration of local Administration for Market Regulation. The capital contribution in-kind was HK\$60.35 million (approximately US\$7.7 million).
- VII. Report on Cash Distributions from Capital Surplus
Explanation: In accordance with the Company's Articles of Incorporation, the authorized board of directors may decide to pay cash dividends/bonus or all or part of the legal reserve and capital surplus by cash according to Paragraph 1, Article 241 of the Company Act.
On March 24, 2023, the board of directors approved the appropriation of NT\$121,662,239 cash capital from the issuance of common shares in excess of par value, calculated based on the current shares outstanding with a total of 121,662,239 shares, at a price of NT\$1.0 per share, according to the shareholding ratios recorded in the shareholder register on the distribution date. The chairman would be authorized to deal with the matters in connection with the change to the rate of cash dividends distribution from additional paid-in capital as a result of a change in the total outstanding shares of the Company.
The cash dividend shall be distributed according to the shareholding percentage in up to NT\$1 with below NT\$1 rounded up; for those total fractional amounts of less than NT\$1, the amount below the decimal point shall be adjusted in the sequence of

the amount and the shareholders' account number till the total distributed cash dividend amount is matched.

The chairman would be authorized to determine the record date of the cash dividends distribution from additional paid-in capital. The distribution is expected to be completed in the 3rd quarter of 2023.

Ratification Items

1st Proposal: (Proposed by the Board of Directors)

Proposal: 2022 Business Report and Financial Statements.

Explanation: (I) The Company's 2022 standalone financial statement and consolidated financial statements were audited by independent auditors, Ming-Chung Hsieh and Pan-Fa Wang of Deloitte & Touche Taiwan, and an unqualified opinion has been issued.
(II) The above financial statements, together with the business report, have been submitted to the Audit Committee for review, and an audit report has been issued.
(III) For the 2022 Business Report, Auditor's Report and the above-mentioned Financial Statements, please refer to Page 7-8, Attachment 1, Pages 20-26, Attachment 6 and Pages 27-38, Attachment 7 of the Meeting Agenda.
(IV) Please ratify.

Resolutions:

2nd Proposal: (Proposed by the Board of Directors)

Proposal: 2022 Deficit Compensation.

Explanation: (I) The details of 2022 Deficit Compensation are as follows:

Coxon Precise Industrial Co., Ltd.

2022 Deficit Compensation

Units: NT\$

Unappropriated earnings at the beginning of the period		0
Remeasurement of defined benefit plan under retained earnings.		11,406,477
Net loss		(271,287,471)
Accumulated deficits		(259,880,994)
Cash flow item		
Capital surplus used to compensate deficit		259,880,994
Accumulated deficits at the end of the period		0

Chairman: Hong, Huan-Ching



Managerial Officer: Chang, Wen-Tung



Accounting Manager: Hsu, Chia-Hung



(II) Please ratify.

Resolutions:

Discussion Items

1st Proposal:

(Proposed by the Board of Directors)

Proposal: It is proposed to conduct private placement of ordinary shares.

Explanation: (I) In order to replenish operating capital of the Company, improve financial structure, and meet the needs of funds for the Company's future development, it is proposed to conduct the capital increase of ordinary shares through private placement in accordance with Article 43-6 of the Securities and Exchange Act at appropriate times according to the condition of market and the Company's demand for funds.

(II) The contents of private placement of ordinary shares:

- (1) Number of private placement shares: The offering and issuance of shares shall not exceed 20,000,000 shares.
- (2) Face value per share: NT\$10.
- (3) The basis for and reasonableness of the pricing of the private placement:
 - A. The actual price per share of the ordinary shares through the private placement shall not be lower than 80% of the reference price, which shall be the higher price calculated based on the following two benchmarks:
 - (a) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, minus stock and cash dividends, and plus capital reduction.
 - (b) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, minus stock and cash dividends, and plus capital reduction.
 - B. The Board of Directors is authorized to determine the actual price of the private placement and the price determination date according to the subscription status of the specific persons and the market, while the actual price of the private placement shall not be set lower than 80% of the reference price.
 - C. The pricing of the private placement shall be dealt with in accordance with the laws and regulations of the competent authority, shall reflect actual market pricing, and shall be reasonable. However, if the issuance price is lower than the face value due to the lower market price, the difference shall be made up by the capital surplus. If the capital surplus is not enough, it shall be recognized as accumulated deficit under retained earnings, which will be offset by earnings, capital, or by other means according to the operation of the Company. There should be no significant influence on the shareholders' rights and interests.
- (4) The method for selecting the specific persons:
 - A. The placees of the private placement of ordinary shares shall be restricted to the specific person who meets the qualifications as a placee stipulated by the relevant laws of Article 43-6 of the Securities and Exchange Act and Explanatory Letters of the competent authority.
 - B. There is no placee who has already been determined. Placees determined in the future shall be a strategic investor. The method and objectives of selecting the placees, the necessity for that selection, and the anticipated benefits are as the following:
 - (a) The method and objectives of selecting the placees: Person or juristic person that helps the Company improve its technology, develop products, expand market, or strengthen customer relationship shall be selected. With their experience, technique, knowledge, or channel, the operation performance and profitability of the Company may be enhanced.
 - (b) Necessity: In order to strengthen the Company's financial structure and expand the scale of operation, it is necessary for the long-term development of the Company.

- (c) The anticipated benefits: It may improve the Company's financial structure, expand product lines in the market to enhance the operation performance, and strengthen the competitiveness of the Company.
- (5) The reasons for the necessity for conducting the private placement:
 - A. The reasons for not using a public offering: Considering the timeliness and issuance cost of capital raising, the private placement may fulfill the mobility, flexibility, and certainty of the fund raising, and benefits the Company's future development. Therefore, it is necessary to conduct capital increase by issuing new shares through a private placement.
 - B. The limit on the private placement: No more than 20,000,000 share of the ordinary shares shall be issued once within one year from the date of the resolution by Shareholders' Meeting. It is proposed that the Shareholders' Meeting authorizes the Board of Directors to deal with it according to the needs of operation plans and the status of the market.
 - C. The use of the funds raised by the private placement and the anticipated benefits: The private placement shall be issued once. The funds shall be used to replenish operating capital. It is expected to improve the financial structure and debt repayment ability, assist the Company with steady growth, and have positive impact on the shareholders' rights and interests.
- (6) The rights and obligations of the ordinary shares of the private placement: They are the same as those of the Company's ordinary shares issued. However, they shall not be transferred within three years following the delivery date of the private placement ordinary shares, except for the circumstances described by Article 43-8 of the Securities and Exchange Act. After three years have elapsed since the delivery date of the ordinary shares privately placed and any ordinary shares distributed subsequently, the Board of Directors is authorized to file with the competent authority for retroactive handling of public issuance procedures after obtaining a letter issued by the Stock Exchange acknowledging that the securities meet the standards for listing.
- (7) Others: When there is a need for amendment to the contents of the private placement, except for the percentage of private placement pricing, particulars, including actual shares issued, issuance price, terms of issuance, plan items, and anticipated benefits, and all matters not provided, due to changes in laws, amendment instructed by the competent authority, or changes in factors of objective environment, it is proposed that the Shareholders' Meeting authorize the Board of Directors to deal with it. Also, in response to the capital increase with issuance of ordinary shares through the private placement, the chairman of the Company or the representative appointed by the chairman is authorized to process and represent the Company to sign all of the contracts and documents related to the private placement ordinary shares.

Resolutions:

Extraordinary Motions

Adjournment

Business Report



I. 2022 Business Report

(I) Business Plan Implementation Results:

Looking at 2022, the COVID-19 pandemic slowed down gradually. However, due to the outbreak of Russo-Ukrainian War, the rising benchmark interest rate by which the U.S. wanted to reduce the inflation, and the strict lockdown and control policy of China, the business of electronic industry was faced with greater impact. Therefore, the sales revenue decreased. The Company has actively reduced the scale; however, the Company still has encountered operating loss. The company actively disposed of idle equipment and the investment on idle businesses, so that the overall pre-tax and after-tax losses were remained constant. The global economy in 2023 seems to be more unstable and full of influential factors. The Company will initially reduce its debt ratio to improve the financial structure, while the management team will dedicate efforts to cut down costs, with the hope to quickly reduce losses and give back to shareholders.

(II) Budget implementation:

The status of budget implementation is unavailable since the Company has not disclosed its financial forecast for 2022.

(III) Analysis of receipts, expenditures, and profitability:

Units: NT\$thousand

Item	2022	2021	Increase/decrease (%)
Operating revenue	2,857,787	3,840,940	(25.6)
Operating costs	2,862,422	3,832,007	(25.3)
Operating profits	(4,635)	8,933	(151.89)
Operating expenses	434,135	474,751	(8.56)
Operating income	(438,770)	(465,818)	NA
Non-operating income and expenses	185,736	179,310	3.58
Profit before tax	(253,034)	(286,508)	NA
Net profit	(258,903)	(294,060)	NA

Item	2022	2021
Return on Assets (%)	(6.56)	(6.50)
Return on Equity (%)	(11.75)	(11.54)
Operating income as a percentage of paid-in capital (%)	(36.06)	(38.29)
Profit before tax as a percentage of paid-in capital (%)	(20.80)	(23.55)
Net Profit Margin (%)	(9.06)	(7.66)
Earnings Per Share (NT\$)	(2.23)	(2.22)

(IV) Research and development status:

The Company continued to develop the technology for surface treatment of plastics, and commenced mass production of IMD with two colors and two materials, automatic mold processing, automatic cutting and arrangement, IMDT combining related applications for plastic products, surface spraying of black grain leather and PU paint, fully automatic film, automatic sheet metal implantation, NMT combining ceramic plastic, air transfer printing, gradient coating, diverse composites, providing customers with more selective choices.

II. 2023 Business Overview

(I) Business plan:

1. Strengthening R&D and production, adjustment of product mix, and development of niche product lines.
2. Vertically extend core technologies, integrate upstream and downstream companies, and provide customers with comprehensive solutions.
3. Expand product line breadth and economic scale, and reduce production and management costs via organizational integration.
4. Strengthen risk awareness, and perform strict control on inventory and accounts receivable.

(II) Sales volume forecast and the basis thereof:

Based on the future market outlook, the Company's 2023 sales volume estimated by the sales department is as

follows:

Units: thousand units	
Product	Sales volume
Plastic components	398,083

The Company is a professional manufacturer of 3C components, and its 2023 sales volume forecast is determined by changes in market conditions, and orders received by the sales department.

(III) Important production and sales policies:

1. Actively cooperate with global manufacturers to develop new products, in order to meet customer needs and keep in line with market trends.
2. Actively develop niche products, with centralized production to reduce price competition from industry peers.
3. Continual investment in R&D to develop the best market segmentation, with excellent mold development capabilities and process technology.

III. The Company's future development strategy

Looking forward to 2023, the global electronics industry will continue to be affected by the US-China trade war and COVID-19 pandemic, as the products are currently at maturity stage. Meanwhile, the rise of supply chains in China will exert pressure on Taiwanese manufacturers. Given shorter product life cycle and with the perspective of evolving towards product integration, companies with better flexibility and vertical integration capabilities are more likely to make profits. The Company will uphold the spirit of diligence and active innovation, focusing on plastic and metal components, and hope to tap into non-3C product markets to diversify risks. In addition, the Company will provide comprehensive services for customers by use of its cost advantages of vertical integration, technical solutions and experienced professionals, developing products with excellent quality, with competitive advantages on customer satisfaction, technological innovation, and process improvement.

IV. The effect of external competition, the legal environment, and the overall business environment

Although the COVID-19 pandemic has slowed in 2022, we still see high industry competition. In particular, China's labor and environmental protection laws and business environment are more unfavorable to the companies in China. Furthermore, the US-China trade war and Russia-Ukraine war have led to more volatile global economy and trading environment. Nonetheless, the severe factors have motivated companies in diversified development and self-improvement. With that, Coxon will continue to strengthen vertical integration with past experience in corporate stability, and hope to discover a new niche to maintain business sustainability.

In the future, the Company colleagues will dedicate efforts to meet shareholder expectations, and increase shareholder value. Finally, we wish you

Good health and all the best.

Chairman:



Managerial Officer:



Accounting Manager:



Coxon Precise Industrial Co., Ltd.

Audit Committee Report

The Company's 2022 financial statements, together with the business report and proposal for loss off-set have been submitted by the board of directors for review. Among them, the 2022 financial statements were audited by independent auditors, Ming-Chung Hsieh and Pan-Fa Wang of Deloitte & Touche Taiwan, and an audit report has been issued. The above-mentioned 2022 financial statements, business report and proposal for loss off-set have been audited by the Audit Committee. It was found that there was no inconsistency, and an audit report has been prepared in Securities and Exchange Act and Company Act, please review.

To:

2023 Annual General Meeting

Coxon Precise Industrial Co., Ltd.

Convener of the Audit Committee: Wu, Teng-Tsan



March 24, 2023

Report on the Sustainable Development Practice.

The implementation of Report on the Sustainable Development Practice in this report is classified into::

- I. Development and implementation of environmental sustainability
- II. Compliance and implementation of social protection

For the development of environmental sustainability, Coxon continues to comply with the following conditions:

- 1. For the production of RoHS-certified products, the Company continuously perform product testing to confirm that the products meet the certification standards.
- 2. In the summer, the Company continues to implement minimal temperature limits for air conditioning in each factory area, which is favorable in terms of energy saving, carbon reduction and greenhouse gas reduction.
- 3. The product packaging materials including cartons and fixed number of boxes are recycled and reused, with recycling rate of 93.47% in 2022, which increased by 8.47%.
- 4. Passed the ISO14001 certification reassessment on October 27, 2020.

Coxon's implementation status for social protection:

- 1. The Company has been adhering to the Electronic Industry Code of Conduct (EICC), with no child labor or gender discrimination. In 2022, it has conducted 70 courses related to human rights protection, including the prevention of forced labor and labor protection for female employees, with a total of 135 hours. Overall, there were a total of 762 participants, with total number of training hours of 1,325 hours.
- 2. Continue to declare and implement the use of conflict-free minerals, and continue to request suppliers in the use of conflict-free minerals.
- 3. Attach great importance to the health of employees, perform annual employee health check-ups, and education and training courses, in order to raise employee awareness on occupational safety and health.
- 4. Coxon Social Charitable Foundation cares for the disadvantaged, with donation more than NT\$2.50 million in 2022.

Coxon Precise Industrial Co., Ltd.

Comparison table of articles before and after the amendment of Ethical Corporate Management Best Practice Principles

Article:	After amendment	Before amendment	Description
Article 1	These Principles are adopted to assist the Company and its subsidiaries (collectively “the Company”) to foster a corporate culture of ethical management and sound development, <u>and offer a reference framework for establishing good commercial practices.</u> The Company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect <u>contribution of funds</u> exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").	These Principles are adopted to assist the Company and its subsidiaries (collectively “the Company”) to foster a corporate culture of ethical management and sound development. The Company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect ownership exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").	Amended according to business practices.
Article 2	When engaging in commercial activities, directors, managers, <u>employees, and mandataries</u> of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their <u>directors, supervisors, managers, employees</u> or substantial controllers or other stakeholders.	When engaging in commercial activities, directors, <u>supervisors</u>, managers and <u>employees</u> of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, <u>employees</u> or substantial controllers or other stakeholders.	Amended according to business practices and delete the wording of supervisors.
Article 7	The Company <u>shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis</u> business activities within their business scope which are at a higher risk of being involved in unethical conduct, and <u>establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u> It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at <u>least include</u> preventive measures against the following:	The Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct_ <u>when formulating management regulations, and strengthen prevention programs accordingly.</u> <u>The aforementioned prevention programs shall include</u> preventive measures against the following: Omitted.	Amended according to business practices, delete the wording of supervisors and relevant matters.

Article:	After amendment	Before amendment	Description
Article 8	Omitted. <u>The Company shall request the directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The Company and its business group shall clearly specify in the rules and external documents and on the <u>company website</u> the ethical corporate management policies <u>and the commitment</u> by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.	The Company and its business group shall clearly specify in the <u>internal rules and relevant external documents</u> the ethical corporate management policies <u>and the commitment</u> by the board of directors and management on rigorous and thorough implementation, and shall carry out the policies in internal management and external commercial activities.	Amended according to business practices.
Article 10	<u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u>	When conducting business, the Company and its directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	Delete the wording of supervisors.
Article 11	When conducting business, the Company and <u>the Company's</u> directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, <u>supervisors</u>, managers, <u>employees</u>, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	Amended according to business practices, delete the wording of supervisors and relevant matters.
Article 12	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, <u>employees</u>, <u>mandataries</u>, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages. When making or offering donations and sponsorship, the Company and its directors, managers, <u>employees</u>, <u>mandataries</u>, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	When making or offering donations and sponsorship, the Company and its directors, <u>supervisors</u>, managers, <u>employees</u> and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	Amended according to business practices and delete the wording of supervisors.

Article:	After amendment	Before amendment	Description
Article 13	The Company and its directors, managers, <u>employees, mandataries,</u> and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	The Company and its directors, <u>supervisors,</u> managers, <u>employees</u> and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	Amended according to business practices and delete the wording of supervisors.
Article 14	The Company and <u>the Company's</u> directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	The Company and <u>its</u> directors, <u>supervisors,</u> managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	Amended according to business practices and delete the wording of supervisors.
Article 16	In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and <u>the Company's</u> directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.	In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and <u>its</u> directors, <u>supervisors,</u> managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.	Amended according to business practices and delete the wording of supervisors.
Article 17	The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.	The directors, <u>supervisors,</u> managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.	Amended according to business practices and delete the wording of supervisors.

Article:	After amendment	Before amendment	Description
	To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors <u>and avail itself of adequate resources and staff itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year)</u>: I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. II. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope</u>, adopting accordingly programs to prevent unethical conduct, <u>and</u> setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. Omitted.	To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis: I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. II. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. Omitted.	
Article 18	The Company's directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	The Company's directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	Delete the wording of supervisors.
Article 19	The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at the Company's board meetings, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the Company's interest, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.	The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>supervisors</u>, managers, and other stakeholders attending or present at the Company's board meetings, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the Company's interest, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.	Delete the wording of supervisors.

Article:	After amendment	Before amendment	Description
Article 20	The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The Company's internal audit unit shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary. <u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u>	The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The Company's internal audit unit shall <u>perform audits for the compliance of the above-mentioned system on a regular basis, and submit the audit report to the board of directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.	Amended according to business practices.
Article 21	The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: Omitted.	The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, <u>supervisors</u>, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: Omitted.	Delete the wording of supervisors.
Article 22	The Company's chairperson, general manager, or senior management shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis. The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.	The Company's chairperson, general manager, or senior management shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis. The Company shall periodically organize training and awareness programs for directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.	Delete the wording of supervisors.

Article:	After amendment	Before amendment	Description
Article 23	The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: I. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior <u>management</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. III. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u> IV. <u>Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</u> V. <u>Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</u> VI. Whistle-blowing incentive measures. When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.	The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: I. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior <u>manager</u> shall be reported to the independent directors <u>or supervisors</u>. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. III. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. IV. <u>Confidentiality of the identity of whistle-blowers and the content of reported cases.</u> V. <u>Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u> VI. Whistle-blowing incentive measures. When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors <u>or supervisors</u> in written form.	Amended according to business practices and delete the wording of supervisors.
Article 26	The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, <u>supervisors</u>, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	Delete the wording of supervisors.

Article:	After amendment	Before amendment	Description
Article 27	The Principles <u>shall be implemented after the Audit Committee and board of directors grants the approval, and shall be reported at a shareholders' meeting.</u> The same procedure shall be followed when the principles have been amended. <u>When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u>	The Company's <u>ethical corporate management best practice principles</u> shall be implemented after the <u>board of directors grants the approval</u>. The same procedure shall be followed when the principles have been amended.	Amended according to business practices and delete the wording of supervisors.
Article 28	These Principles were formulated on December 18, 2014. <u>1st amendment on June 24, 2022.</u>	These Principles were formulated on December 18, 2014.	

Table of Details and Amount of 2022 Remuneration Received by Individual Directors

[Attachment 5]

Units: NT\$thousand; thousand shares; %

Title	Name	Remuneration for directors								Ratio of Total Remuneration (A+B+C+D) to Net Loss (%) (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net loss (%) (Note 10)		Compensation paid to directors from an invested company other than the company's subsidiary or parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		Com pany	All companies in the consolidated financial statement (Note 7)	Company	All companies in the consolidated financial statement (Note 7)	Company	All companies in the consolidated financial statement (Note 7)	Company	All companies in the consolidated financial statement (Note 7)	Company	All companies in the consolidated financial statement	Company	All companies in the consolidated financial statement (Note 7)	Company	All companies in the consolidated financial statement (Note 7)	Company		All companies in the consolidated financial statement (Note 7)		Company	All companies in the consolidated financial statement	
																Cash	Stock	Cash	Stock			
Chairman	Hong, Huan-Ching	0	0	0	0	0	0	0	0	0.0000%	0.0000%	457	1,321	0	0	0	0	0	0	0.1683%	0.4868%	None
Vice Chairman	Wu, Wen-Hsiang	0	0	0	0	0	0	0	0	0.0000%	0.0000%	294	294	0	0	0	0	0	0	0.1082%	0.1082%	None
Director	Chang, Wen-Tung	0	0	0	0	0	0	0	0	0.0000%	0.0000%	318	477	0	0	0	0	0	0	0.1172%	0.1758%	None
Director	Lu, Kuo-Liang	0	0	0	0	0	0	20	20	0.0074%	0.0074%	0	0	0	0	0	0	0	0	0.0074%	0.0074%	None
Director	Hsu, Chia-Hung	0	0	0	0	0	0	0	0	0.0000%	0.0000%	1,753	1,753	35	35	0	0	0	0	0.6591%	0.6591%	None
Director	Hsieh, Jen-Chien	0	0	0	0	0	0	0	0	0.0000%	0.0000%	664	1,132	77	77	0	0	0	0	0.2733%	0.4458%	None
Independent Director	Chen, Ming-Der	420	420	0	0	0	0	35	35	0.1677%	0.1677%	0	0	0	0	0	0	0	0	0.1677%	0.1677%	None
Independent Director	Wu, Teng-Tsan	420	420	0	0	0	0	35	35	0.1677%	0.1677%	0	0	0	0	0	0	0	0	0.1677%	0.1677%	None
Independent Director	Lin, Chih-Chen	0	0	0	0	0	0	20	20	0.0074%	0.0074%	0	0	0	0	0	0	0	0	0.0074%	0.0074%	None
Supervisor	Liu, Chao	0	0	0	0	0	0	10	10	0.0037%	0.0037%	0	0	0	0	0	0	0	0	0.0037%	0.0037%	None
Supervisor	Chang, Shu-Chuan	0	0	0	0	0	0	15	15	0.0055%	0.0055%	0	0	0	0	0	0	0	0	0.0055%	0.0055%	None
Supervisor	Lu, Kuo-Liang	0	0	0	0	0	0	15	15	0.0055%	0.0055%	0	0	0	0	0	0	0	0	0.0055%	0.0055%	None
	Total	840	840	0	0	0	0	150	150	0.3588%	0.3588%	3,486	4,977	112	112	0	0	0	0	1.6910%	2.2407%	None

1. Please explain the policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed:

The Company's remuneration policy for independent directors not only refers to the general payment standard in the industry, but also considers the participation of individual independent directors in policy promotion, the Company's remuneration for similar job position in recent years, the reasonableness of the relationship between the Company's financial status, operating performance and future risks. In addition, the Company also timely review and discuss the remuneration policy based on the actual business conditions and relevant laws and regulations.

2. Compensation received by directors for providing service (e.g. consultancy service without the title of an employee in the parent company/any company included in the financial statements/any business investment) in the last year except those disclosed in the above table: None.

Note 1: The names of directors should be separately listed.

Note 2: The remuneration of directors in the most recent fiscal year (including directors' salary, professional allowance, severance pay, various awards and bonuses).

Note 3: The amount of directors' remuneration distributed by the board of directors in the most recent year.

Note 4: The relevant business execution expenses of directors in the most recent year (such as traveling expenses, special expenses, various allowances, housing expenses, car and other physical supplies). In the case of expenditures of housing, motor vehicles and other means of transport or for exclusive individuals, the nature and cost of the assets, the actual or fair market price, rents, fuel cost and other payments should be disclosed. If there is a driver, please note the company's payment for the driver without remuneration.

Note 5: The salary, professional allowance, severance pay, various awards and bonuses, traveling expenses, special expenses, various allowances, housing expenses, car and other physical supplies of the directors as concurrent employees in most recent years (including concurrent general manager, assistant general manager, other managers and employees). In the case of expenditures of housing, motor vehicles and other means of transport or for exclusive individuals, the nature and cost of the assets, the actual or fair market price, rents, fuel cost and other payments should be disclosed. If there is a driver, please note the company's payment for the driver without remuneration. The salary expenses recognized in accordance with the "Share-based payment" of IFRS 2, which includes obtaining employee stock option certificates, new restricted employee shares and participating in the subscription shares of cash capital increase, shall also be included in the remuneration.

Note 6: The directors as concurrent employees in most recent years (including concurrent general manager, assistant general manager, other managers and employees) who obtain employee compensation (including stocks and cash), and should disclose the amount of compensation paid by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and should be added to table (1-3).

Note 7: The total amount of emoluments paid by all companies (including the Company) to the Company's directors should be disclosed.

Note 8: The table shows the total amount of each director's remuneration paid by the Company, and exposes the name of the director in the ownership rank.

Note 9: The total remuneration of each director of all the companies (including the Company) in the consolidated report should be disclosed, and the name of the director should be exposed in the ownership rank.

Note 10: The "net profit after tax" is the after tax net profit of an individual or an individual financial report in the most recent year.

Note 11: a. This column should clearly state the amount of remuneration for directors of the company to receive the remuneration from re-invested companies other than its subsidiaries or the parent company (fill in "none" if there are no relevant remuneration).

b. If the director of the company receives remuneration from re-invested companies other than its subsidiaries or parent company, the director shall incorporate the remuneration into the "I" column of the remuneration scale, and change the name of the column to "parent company and all re-invested companies".

c. Remuneration is the bonus (including bonuses of employees, directors and supervisors) and business execution expenses of the when the directors of the company serve as directors, supervisors or managers of the re-invested companies or parent company other than its subsidiaries.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Coxon Precise Industrial Co., Ltd.

Opinion

We have audited the accompanying standalone balance sheet of Coxon Precise Industrial Co., Ltd. as of December 31, 2022 and 2021, and Standalone Statement of Comprehensive Income, Standalone Statement of Changes in Equity, Standalone Cash Flow Statement, and the notes to the Parent Company Only Financial Statements in January 1 to December 31, 2022 and 2021 (including a summary of significant accounting policies).

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the standalone financial position of Coxon Precise Industrial Co., Ltd. as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for January 1 to December 31, 2022 and 2021.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Coxon Precise Industrial Co., Ltd. for the year ended December 31, 2022. The 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 the matters.

The key audit matters of the standalone financial statements of Coxon Precise Industrial Co., Ltd. for the year ended December 31, 2022 are as follows:

Key Audit Matters: Revenue Recognition of Triangular Trade

The operating revenue of Coxon Precise Industrial Co., Ltd. for the year ended December 31, 2022, was \$617,997 thousand. Based on the consideration of the materiality of the financial statements and the auditing standard bulletin, the revenue recognition was preset as a significant risk. The revenue of Coxon Precise Industrial Co., Ltd. was generated from triangular trade occurred when production which manufactured in South China and shipped directly to customers. We considered the occurrence of revenue describes as above as a key audit matter. Please refer to Notes 4 and 19 in the standalone financial statements.

Our key audit procedures performed in respect of the operating revenue recognition included the following:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.
2. We obtained the details of triangular trade for the year ended December 31, 2022 and we sampled and tested the selected transactions with their original purchase orders and delivery orders, and we compared the amounts to their respective accounts; in addition, we also sampled and tested delivery orders and relative authentications in South China within to ensure the occurrence of the sales.
3. We obtained the sales returns details of triangular trade for the subsequent period, sampled and tested the related sales return supporting documents and reviewed the reasonableness of the occurrence of such sales returns.

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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China, 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 of Coxon Precise Industrial Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Coxon Precise Industrial Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Coxon Precise Industrial Co., Ltd.

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

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

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and 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 Coxon Precise Industrial Co., Ltd.
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 of Coxon Precise Industrial Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Coxon Precise Industrial Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Coxon Precise Industrial Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit of Coxon Precise Industrial Co., Ltd. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements 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 (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements of Coxon Precise Industrial Co., Ltd. for the year ended December 31, 2022 and are therefore the key audit matters. We describe these

matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Pan-Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Coxon Precise Industrial Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the consolidated financial statements for the year ended December 31, 2022 are as follows:

Revenue Recognition of Triangular Trade

The operating revenue of Coxon Precise Industrial Co., Ltd. and its subsidiaries for the year ended December 31, 2022, was \$2,857,787 thousand. Based on the consideration of the materiality of the financial statements and the auditing standard bulletin, the revenue recognition was preset as a significant risk. Partial revenue of Coxon Precise Industrial Co., Ltd. and its subsidiaries were generated from triangular trade occurred when production which manufactured in South China and shipped directly to customers. We considered the occurrence of revenue describes as above as a key audit matter. Refer to Notes 4 and 23 to the consolidated financial statements.

Our key audit procedures performed in respect of the operating revenue recognition included the following:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.
2. We obtained the details of triangular trade for the year ended December 31, 2022 and we sampled and tested the selected transactions with their original purchase orders and delivery orders, and we compared the amounts to their respective accounts; in addition, we also sampled and tested delivery orders and relative authentications in South China within to ensure the occurrence of the sales.
3. We obtained the sales returns details of triangular trade for the subsequent period, sampled and tested the related sales return supporting documents and reviewed the reasonableness of the occurrence of such sales returns.

Other Matters

We have also audited the parent company only financial statements of Coxon Precise Industrial Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Pan-Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Balance Sheet
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Accounting code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current Asset				
1100	Cash and Cash Equivalents (Notes 6 and 25)	\$ 161,463	7	\$ 397,032	14
1120	Financial assets at fair value through other comprehensive income - current (Notes 7 and 25)	35,243	2	53,355	2
1136	Financial assets at amortized cost - current (Notes 8 and 25)	220,720	9	40,000	1
1170	Trade receivables (Notes 9, 19, 25 and 26)	193,954	8	192,425	7
1200	Other Receivables (Notes 9 and 25)	3,131	-	2,443	-
1220	Current tax assets (Note 21)	16	-	26	-
130X	Inventory (Note 10)	10,879	-	14,949	1
1479	Other Current Asset	2,240	-	592	-
11XX	Total current assets	<u>627,646</u>	<u>26</u>	<u>700,822</u>	<u>25</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 25)	14,452	1	24,101	1
1550	Investments accounted for using the equity method (Note 11)	1,628,540	69	1,955,020	70
1600	Property, plant and equipment (Notes 12, 26 and 27)	104,857	4	111,465	4
1755	Right-of-use assets (Note 13)	-	-	1,131	-
1780	Intangible assets	1,154	-	856	-
1840	Deferred tax assets (Note 21)	-	-	-	-
1915	Prepayment on equipment (Note 28)	1,585	-	-	-
15XX	Total non-current assets	<u>1,750,588</u>	<u>74</u>	<u>2,092,573</u>	<u>75</u>
1XXX	Total Assets	<u>\$ 2,378,234</u>	<u>100</u>	<u>\$ 2,793,395</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2130	Contract liabilities - current (Note 19)	\$ 2,574	-	\$ 5,463	-
2150	Notes payable (Notes 14 and 25)	525	-	11	-
2170	Trade payables for non-related parties (Notes 14 and 25)	156,041	7	237,540	9
2180	Trade payables for related parties (Notes 14, 25 and 26)	152,962	6	148,026	5
2213	Payables on equipment (Note 25)	2,752	-	130	-
2219	Other payables - others (Notes 15 and 25)	16,815	1	16,681	1
2250	Provisions - current (Note 16)	1,894	-	3,827	-
2280	Lease liabilities - current (Notes 13 and 25)	-	-	436	-
2300	Other current liabilities	4	-	-	-
21XX	Total current liabilities	<u>333,567</u>	<u>14</u>	<u>412,114</u>	<u>15</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note 21)	5,805	-	349	-
2640	Net defined benefit liabilities (Note 17)	12,046	1	32,819	1
25XX	Total non-current liabilities	<u>17,851</u>	<u>1</u>	<u>33,168</u>	<u>1</u>
2XXX	Total liabilities	<u>351,418</u>	<u>15</u>	<u>445,282</u>	<u>16</u>
	Equity (Note 18)				
	Share capital				
3110	Ordinary shares	1,216,622	51	1,216,622	44
3200	Capital surplus	1,806,253	76	2,161,467	77
3350	Accumulated deficits	(259,881)	(11)	(233,552)	(8)
3490	Other equity	(736,178)	(31)	(796,424)	(29)
3XXX	Total equity	<u>2,026,816</u>	<u>85</u>	<u>2,348,113</u>	<u>84</u>
	Total liabilities and equity	<u>\$ 2,378,234</u>	<u>100</u>	<u>\$ 2,793,395</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Accounting code		2022		2021	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 19 and 26)	\$ 617,997	100	\$ 848,434	100
5000	Operating costs (Notes 10, 20 and 26)	(580,957)	(94)	(828,389)	(98)
5900	Operating profits	37,040	6	20,045	2
	Operating expenses (Notes 9, 20 and 26)				
6100	Selling and marketing expenses	(3,537)	(1)	(9,435)	(1)
6200	Administrative expenses	(26,973)	(4)	(39,407)	(4)
6300	Research and development expenses	(1,712)	-	(5,562)	(1)
6450	Expected credit gain	154	-	224	-
6000	Total operating expenses	(32,068)	(5)	(54,180)	(6)
6900	Operating profit (loss)	4,972	1	(34,135)	(4)
	Non-operating income and expenses (Note 20)				
7010	Interest income	1,742	-	391	-
7020	Other gains and losses	(20,730)	(3)	25,317	3
7050	Finance costs	(1)	-	(1,728)	-
7070	Share of loss of associates and joint ventures	(251,817)	(41)	(252,609)	(30)
7000	Total non-operating income and expenses	(270,806)	(44)	(228,629)	(27)

(continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

(continued)

Accounting code		2022		2021	
		Amount	%	Amount	%
7900	Loss before income tax	(\$ 265,834)	(43)	(\$ 262,764)	(31)
7950	Income tax expense (Note 21)	(5,453)	(1)	(7,554)	(1)
8200	Net loss for the year	(271,287)	(44)	(270,318)	(32)
	Other comprehensive loss (Notes 17, 18 and 21)				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Exchange differences on translating foreign operations	11,406	2	1,434	-
8316	Unrealized Gain (Loss) on Equity Instruments at Fair Value Through Other Comprehensive Income	(27,761)	(4)	(47,667)	(6)
8330	Share of other comprehensive income (loss) of associates and joint ventures	-	-	(21,386)	(2)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(10,740)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	56,581	9	6,976	1
8300	Other comprehensive income/loss for the year, net of income tax	40,226	7	(71,383)	(8)
8500	Total Comprehensive Loss for the Year	(\$ 231,061)	(37)	(\$ 341,701)	(40)
	Loss Per Share (Note 22)				
9710	From continuing operations Basic	(\$ 2.23)		(\$ 2.22)	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Statement of Changes in Equity
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

						Other equity		
Accounting code		Share capital		Capital surplus	Retained earnings	Exchange differences on translating foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total equity
		Number of shares (thousand shares)	Ordinary shares		Accumulated deficits			
A1	Balance at January 1, 2021	121,662	\$ 1,216,622	\$ 2,564,158	(\$ 402,691)	(\$ 728,389)	\$ 40,114	\$ 2,689,814
C11	Capital surplus used to compensate deficit	-	-	(402,691)	402,691	-	-	-
D1	Net loss for the year ended December 31, 2021	-	-	-	(270,318)	-	-	(270,318)
D3	Other comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,306)</u>	<u>6,976</u>	<u>(69,053)</u>	<u>(71,383)</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,624)</u>	<u>6,976</u>	<u>(69,053)</u>	<u>(341,701)</u>
Q1	Disposal of Equity Instruments at Fair Value Through Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,072</u>	<u>-</u>	<u>(46,072)</u>	<u>-</u>
Z1	Balance at December 31, 2021	121,662	1,216,622	2,161,467	(233,552)	(721,413)	(75,011)	2,348,113
C11	Capital surplus used to compensate deficit	-	-	(233,552)	233,552	-	-	-
C15	Cash dividend distributed from capital surplus	-	-	(121,662)	-	-	-	(121,662)
M3	Disposal of subsidiaries	-	-	-	-	31,426	-	31,426
D1	Net loss for the year ended December 31, 2022	-	-	-	(271,287)	-	-	(271,287)
D3	Other comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,406</u>	<u>56,581</u>	<u>(27,761)</u>	<u>40,226</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,881)</u>	<u>56,581</u>	<u>(27,761)</u>	<u>(231,061)</u>
Z1	Balance at December 31, 2022	<u>121,662</u>	<u>\$ 1,216,622</u>	<u>\$ 1,806,253</u>	<u>(\$ 259,881)</u>	<u>(\$ 633,406)</u>	<u>(\$ 102,772)</u>	<u>\$ 2,026,816</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Cash Flow Statement
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Accounting code		2022	2021
	Cash Flows from Operating Activities		
A10000	Loss before income tax	(\$ 265,834)	(\$ 262,764)
A20010	Profit/loss		
A20100	Depreciation expenses	9,461	10,469
A20200	Amortization expenses	1,176	2,325
A20300	Profit as a reversal of expected credit losses	(154)	(224)
A20900	Finance costs	1	1,728
A21200	Interest income	(1,742)	(391)
A21300	Dividend income	(935)	(406)
A22400	Share of income/loss of associates and joint ventures	251,817	252,609
A22500	Loss arising from disposal or retirement of property, plant and equipment	254	-
A22600	Impairment loss (reversal gain) recognized on property, plant and equipment	842	(259)
A23200	Loss on disposal of investments accounted for using the equity method	31,426	-
A23500	Impairment reversal gain recognized on financial assets	-	(14,071)
A23700	Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery of inventory)	3,417	(1,028)
A24100	Unrealized loss (gain) on the foreign currency exchange	2,844	(2,519)
A30000	Changes in operating assets and liabilities		
A31150	Trade receivables	(4,771)	68,153
A31180	Other receivables	(623)	8,998
A31200	Inventory	653	(5,073)
A31240	Other Current Asset	(1,648)	112
A32125	Contract liabilities - current	(2,889)	5,340
A32130	Notes payable	514	4
A32150	Trade payables	(76,011)	(359,087)
A32180	Other payables	134	(31,689)
A32200	Provisions	(1,933)	(405)
A32230	Other current liabilities	4	-
A32240	Net defined benefit liabilities	(9,367)	(10,975)
A33000	Cash used in operations	(63,364)	(339,153)
A33100	Interest received	1,677	354

(continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coxon Precise Industrial Co., Ltd.

Standalone Cash Flow Statement
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

(continued)

Accounting code		2022	2021
A33200	Dividends received	\$ 935	\$ 406
A33300	Interest paid	(1)	(3,248)
A33500	Income tax received	<u>13</u>	<u>5,477</u>
AAAA	Net cash generated from operating activities	(<u>60,740</u>)	(<u>336,164</u>)
Cash Flows from Investing Activities			
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(16,132)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	41,783
B00040	Purchase of financial assets at amortized cost	(183,220)	(40,000)
B00050	Proceeds from disposal of financial assets at amortized cost	2,500	13,400
B02300	Net cash inflow on disposal of subsidiaries	131,244	14,071
B02400	Proceeds from capital reduction in investees using the equity method	-	568,554
B02700	Payments for property, plant and equipment	(311)	(7,617)
B02800	Disposal of property, plant and equipment	115	-
B07100	Increase in prepayment of equipment	(1,585)	-
B04500	Payments for intangible assets	(<u>1,474</u>)	(<u>456</u>)
BBBB	Net cash (outflow) inflow generated from investing activities	(<u>52,731</u>)	<u>573,603</u>
Cash Flows from Financing Activities			
C01600	Proceeds from long-term borrowings	-	200,000
C01700	Repayments of long-term borrowings	-	(400,000)
C04020	Repayment of the principal portion of lease liabilities	(436)	(739)
C04500	Cash distributions from capital surplus	(<u>121,662</u>)	<u>-</u>
CCCC	Net cash used in financing activities	(<u>122,098</u>)	(<u>200,739</u>)
EEEE	Net (decrease) increase in cash and cash equivalents	(235,569)	36,700
E00100	Cash and cash equivalents at the beginning of the year	<u>397,032</u>	<u>360,332</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 161,463</u>	<u>\$ 397,032</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 29)	\$ 517,381	15	\$ 657,756	17
Financial assets at fair value through profit or loss - current (Notes 7 and 29)	29,974	1	13,024	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 29)	35,243	1	53,355	2
Financial assets at amortized cost - current (Notes 9 and 29)	220,720	7	40,000	1
Trade receivables from unrelated parties (Notes 10, 23 and 29)	962,234	28	1,290,646	33
Trade receivables from related parties (Notes 10, 23, 29 and 30)	663	-	3,927	-
Other receivables (Notes 10, 27, 29 and 30)	60,033	2	90,236	2
Current tax assets (Note 25)	16	-	26	-
Inventories (Note 11)	353,179	10	463,715	12
Prepayments	72,628	2	105,909	3
Other current assets	-	-	15	-
Total current assets	<u>2,252,071</u>	<u>66</u>	<u>2,718,609</u>	<u>70</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 29)	14,452	1	24,101	1
Investments accounted for using the equity method (Note 13)	2,625	-	2,784	-
Property, plant and equipment (Notes 14, 30 and 31)	760,519	22	940,405	24
Right-of-use assets (Note 15)	338,629	10	166,345	4
Intangible assets (Note 16)	8,794	-	11,551	-
Deferred tax assets (Note 25)	-	-	-	-
Prepayments for equipment (Note 32)	10,076	-	6,592	-
Other non-current assets (Notes 10 and 17)	<u>29,360</u>	<u>1</u>	<u>16,904</u>	<u>1</u>
Total non-current assets	<u>1,164,455</u>	<u>34</u>	<u>1,168,682</u>	<u>30</u>
TOTAL	<u>\$ 3,416,526</u>	<u>100</u>	<u>\$ 3,887,291</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 23)	\$ 56,928	2	\$ 31,492	1
Notes payable (Notes 18 and 29)	525	-	11	-
Trade payables (Notes 18 and 29)	557,353	16	873,181	22
Payables on equipment (Note 29)	7,106	-	21,156	1
Other payables (Notes 19 and 29)	378,189	11	404,379	10
Provisions - current (Note 20)	12,343	-	14,949	-
Lease liabilities - current (Notes 15 and 29)	84,840	3	57,618	2
Other current liabilities (Note 19)	<u>1,149</u>	<u>-</u>	<u>855</u>	<u>-</u>
Total current liabilities	<u>1,098,433</u>	<u>32</u>	<u>1,403,641</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 25)	5,805	-	349	-
Lease liabilities - non-current (Notes 15 and 29)	243,950	7	89,172	2
Net defined benefit liabilities - non-current (Note 21)	12,046	1	32,819	1
Other non-current liabilities (Note 19)	<u>7,357</u>	<u>-</u>	<u>3,820</u>	<u>-</u>
Total non-current liabilities	<u>269,158</u>	<u>8</u>	<u>126,160</u>	<u>3</u>
Total liabilities	<u>1,367,591</u>	<u>40</u>	<u>1,529,801</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	1,216,622	36	1,216,622	31
Capital surplus	1,806,253	53	2,161,467	56
Accumulated deficits	(259,881)	(8)	(233,552)	(6)
Other equity	<u>(736,178)</u>	<u>(22)</u>	<u>(796,424)</u>	<u>(20)</u>
Total equity attributable to owners of the Company	2,026,816	59	2,348,113	61
NON-CONTROLLING INTERESTS	<u>22,119</u>	<u>1</u>	<u>9,377</u>	<u>-</u>
Total equity	<u>2,048,935</u>	<u>60</u>	<u>2,357,490</u>	<u>61</u>
TOTAL	<u>\$ 3,416,526</u>	<u>100</u>	<u>\$ 3,887,291</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23, 30 and 35)	\$ 2,857,787	100	\$ 3,840,940	100
OPERATING COSTS (Notes 11 and 24)	<u>(2,862,422)</u>	<u>(100)</u>	<u>(3,832,007)</u>	<u>(100)</u>
OPERATING (LOSS) PROFIT	<u>(4,635)</u>	<u>-</u>	<u>8,933</u>	<u>-</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(108,251)	(4)	(141,097)	(4)
General and administrative expenses	(315,637)	(11)	(326,816)	(8)
Research and development expenses	(8,470)	-	(8,785)	-
Expected credit (loss) gain	<u>(1,777)</u>	<u>-</u>	<u>1,947</u>	<u>-</u>
Total operating expenses	<u>(434,135)</u>	<u>(15)</u>	<u>(474,751)</u>	<u>(12)</u>
LOSS FROM OPERATIONS	<u>(438,770)</u>	<u>(15)</u>	<u>(465,818)</u>	<u>(12)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 30)				
Interest income	5,052	-	3,478	-
Other gains and losses	122,315	4	73,999	2
Gain on disposal of property, plant, and equipment	81,903	3	126,159	3
Finance costs	(23,331)	(1)	(23,329)	(1)
Share of loss of associates	<u>(203)</u>	<u>-</u>	<u>(997)</u>	<u>-</u>
Total non-operating income and expenses	<u>185,736</u>	<u>6</u>	<u>179,310</u>	<u>4</u>
LOSS BEFORE INCOME TAX	(253,034)	(9)	(286,508)	(8)
INCOME TAX EXPENSE (Note 25)	<u>(5,869)</u>	<u>-</u>	<u>(7,552)</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(258,903)</u>	<u>(9)</u>	<u>(294,060)</u>	<u>(8)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25)				
Items that subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans	11,406	-	1,434	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(27,761)	(1)	(69,053)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(10,740)	-

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

(continued)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	56,939	2	6,509	-
Other comprehensive loss for the year, net of income tax	<u>40,584</u>	<u>1</u>	<u>(71,850)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (218,319)</u>	<u>(8)</u>	<u>\$ (365,910)</u>	<u>(10)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (271,287)	(9)	\$ (270,318)	(7)
Non-controlling interests	<u>12,384</u>	<u>-</u>	<u>(23,742)</u>	<u>(1)</u>
	<u>\$ (258,903)</u>	<u>(9)</u>	<u>\$ (294,060)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (231,061)	(8)	\$ (341,701)	(9)
Non-controlling interests	<u>12,742</u>	<u>-</u>	<u>(24,209)</u>	<u>(1)</u>
	<u>\$ (218,319)</u>	<u>(8)</u>	<u>\$ (365,910)</u>	<u>(10)</u>
LOSSES PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ (2.23)</u>		<u>\$ (2.22)</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Retained Earnings Accumulated Deficits	Other Equity		Total		
	Shares Issued (In Thousands)	Share Capital			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	121,622	\$ 1,216,622	\$ 2,564,158	\$ (402,691)	\$ (728,389)	\$ 40,114	\$ 2,689,814	\$ 47,194	\$ 2,737,008
Capital surplus used to compensate deficit	-	-	(402,691)	402,691	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	(13,608)	(13,608)
Net loss for the year ended December 31, 2021	-	-	-	(270,318)	-	-	(270,318)	(23,742)	(294,060)
Other comprehensive income (loss) or the year ended December 31, 2021, net of income tax	-	-	-	(9,306)	6,976	(69,053)	(71,383)	(467)	(71,850)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(279,624)	6,976	(69,053)	(341,701)	(24,209)	(365,910)
Disposals of investments in equity instruments designated as at fair value through other comprehensive	-	-	-	46,072	-	(46,072)	-	-	-
BALANCE AT DECEMBER 31, 2021	121,622	1,216,622	2,161,467	(233,552)	(721,413)	(75,011)	2,348,113	9,377	2,357,490
Capital surplus used to compensate deficit	-	-	(233,552)	233,552	-	-	-	-	-
Issuance of cash dividends from capital surplus	-	-	(121,662)	-	-	-	(121,662)	-	(121,662)
Disposal of subsidiaries	-	-	-	-	31,426	-	31,426	-	31,426
Net loss for the year ended December 31, 2022	-	-	-	(271,287)	-	-	(271,287)	12,384	(258,903)
Other comprehensive income (loss) or the year ended December 31, 2022, net of income tax	-	-	-	11,406	56,581	(27,761)	40,226	358	40,584
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(259,881)	56,581	(27,761)	(231,061)	12,742	(218,319)
BALANCE AT DECEMBER 31, 2022	121,622	\$ 1,216,622	\$ 1,806,253	\$ (259,881)	\$ (633,406)	\$ (102,772)	\$ 2,026,816	\$ 22,119	\$ 2,048,935

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (253,034)	\$ (286,508)
Adjustments for:		
Depreciation expenses	232,079	315,200
Amortization expenses	4,399	5,698
Expected credit loss (gain) recognized (reversed) on trade receivables	1,777	(1,947)
Finance costs	23,331	23,329
Interest income	(5,052)	(3,478)
Dividend income	(935)	(3,923)
Share of loss of associates	203	997
Gain on disposal of property, plant and equipment	(81,903)	(126,159)
Gain on disposal of investments	-	(9,306)
Impairment reversal gain on financial assets	-	(14,071)
Impairment loss recognized on property, plant and equipment	7,525	87,737
Write-down of (reversal of) inventories	14,654	(46,571)
Gain on modification of lease	(839)	(7,136)
Changes in operating assets and liabilities		
Trade receivables	328,740	(32,939)
Other receivables	(45,632)	2,804
Inventories	92,843	(80,029)
Prepayments	33,281	44,579
Other current assets	15	119
Contract liabilities	25,436	13,494
Notes payable	514	4
Trade payables	(315,828)	129,091
Other payables	(26,190)	(40,082)
Provisions	(2,606)	(1,621)
Other current liabilities	294	(1,120)
Deferred revenue	(707)	(51)
Net defined benefit liabilities	(9,367)	(10,975)
Cash generated from (used in) operations	22,998	(42,864)
Interest received	4,987	3,441
Dividends received	935	3,923
Interest paid	(23,331)	(24,849)
Income tax (paid) received	(403)	5,479
Net cash generated from (used in) operating activities	5,186	(54,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(16,132)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	204,928
Purchase of financial assets at amortized cost	(183,220)	(40,000)
(Continued)		

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

(continued)

	2022	2021
Proceeds from disposal of financial assets at amortized cost	2,500	13,400
Purchase of financial assets at fair value through profit or loss	(45,367)	(100,546)
Proceeds from sale of financial assets at fair value through profit or loss	28,417	113,550
Net cash generated from disposal of subsidiaries	75,900	20,192
Payments for property, plant and equipment	(40,644)	(113,988)
Proceeds from disposal of property, plant and equipment	156,651	203,458
Increase in refundable deposits	(12,456)	(274)
Payments for intangible assets	(1,474)	(1,691)
Increase in prepayments for equipment	<u>(3,484)</u>	<u>-</u>
Net cash (used in) generated from investing activities	<u>(23,177)</u>	<u>282,897</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	-	(400,000)
Increase in guarantee deposits received	4,244	-
Decrease in guarantee deposits received	-	(6,961)
Repayment of the principal portion of lease liabilities	(83,534)	(125,057)
Issuance of cash from capital surplus	<u>(121,662)</u>	<u>-</u>
Net cash used in financing activities	<u>(200,952)</u>	<u>(332,018)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>78,568</u>	<u>(25,330)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(140,375)</u>	<u>(129,321)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>657,756</u>	<u>787,077</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 517,381</u>	<u>\$ 657,756</u>

Coxon Precise Industrial Co., Ltd.

Ethical Corporate Management Best Practice Principles (After amendment)

Article 1

These Principles are adopted to assist the Company and its subsidiaries (collectively “the Company”) to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

The Company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2

When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, The Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, The Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

Offering and acceptance of bribes.

Illegal political donations.

Improper charitable donations or sponsorship.

Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.

Engaging in unfair competitive practices.

Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8

The Company shall request the directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its business group shall clearly specify in the rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, The Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, The Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, The Company may at any time terminate or rescind the contracts.

Article 10

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 11

When conducting business, the Company and the Company's directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 12

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14

The Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce

Article 16

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products

and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. Omitted.

III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.

V. Developing a whistle-blowing system and ensuring its operating effectiveness.

VI. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18

The Company's directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at the Company's board meetings, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the Company's interest, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Company's internal audit unit shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

I. Standards for determining whether improper benefits have been offered or accepted.

II. Procedures for offering legitimate political donations.

III. Procedures and the standard rates for offering charitable donations or sponsorship.

IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.

V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.

VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.

VII. Handling procedures for violations of these Principles.

VIII. Disciplinary measures on offenders.

Article 22

The Company's chairperson, general manager, or senior management shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

I. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports.

II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

III. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

IV. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.

V. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.

VI. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27

The Principles shall be implemented after the Audit Committee and board of directors grants the approval, and shall be

reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 28

These Principles were formulated on December 18, 2014.

1st amendment on June 24, 2022.

Coxon Precise Industrial Co., Ltd.
Rules of Procedure for Shareholders' Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
- The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.
- The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:
1. For physical shareholders meetings, to be distributed on-site at the meeting.
 2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing

or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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

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 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

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

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

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

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

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

Article 6-1 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

- I. How shareholders attend the virtual meeting and exercise their rights.
- II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the

following particulars:

- (I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (II) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (III) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
 - (IV) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
- III. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed 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.

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

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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

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

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

Article 9 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, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending

the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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 paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- 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. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- Article 11 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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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.

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

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

- Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the Company's interests, that shareholder may not vote on that item,

and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be the Company's shareholders.

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

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

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

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

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

- Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.
- Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.
- When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.
- Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
- During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.
- If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
- When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

- Article 19 In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- Article 20 When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.
- Article 21 In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.
- In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
- For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.
- For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.
- During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.
- When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.
- Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
- When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.
- For dates or period set forth under Article 12, second half, and paragraph 3, Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and paragraph 2, Article 44-5, Article 44-15, and paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.
- Article 22 When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
- Article 24 These Rules were formulated on July 16, 2005.
1st amendment on May 19, 2007.
2nd amendment on June 28, 2008.
3rd amendment on June 9, 2011.

4th amendment on June 6, 2012.
5th amendment on June 9, 2020.
6th amendment on June 14, 2022.

Coxon Precise Industrial Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

- Article 1: The Company is named "Coxon Precise Industrial Co., Ltd." in accordance with the provisions relating to limited companies as stipulated in the Company Act.
- Article 2: The Company's main businesses are as follows:
1. C805050 Industrial Plastic Products Manufacturing
 2. CQ01010 Mold and Die Manufacturing
 3. CC01060 Wired Communication Mechanical Equipment Manufacturing
 4. CC01070 Wireless Communication Mechanical Equipment Manufacturing
 5. CC01080 Electronics Components Manufacturing
 6. F219010 Retail Sale of Electronic Materials
 7. CE01030 Optical Instruments Manufacturing
 8. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 9. CD01030 Motor Vehicles and Parts Manufacturing
 10. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
 11. F401010 International Trade
 12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: External guarantees and investments on other businesses may be provided by the Company, and the total investment may exceed 40% of the Company's total share capital.
- Article 4: The Company shall be headquartered in Taoyuan City, and, when necessary, may establish branch offices within the country or abroad pursuant to the resolution of the Board.

Chapter 2 Shares

- Article 5: The Company's total capital is NT\$2.1 billion, which consists of 210 million shares. The share are issued at a nominal value of NT\$10 per share, and may be issued in installments.
The total capital as mentioned in paragraph 1 include NT\$120 million allocated for the exercise of employee options, which consists of 12 million shares at a nominal value of NT\$10 per share. The board of directors is authorized to issue shares in installments according to actual needs.
- Article 5-1: To issue employee stock warrants with exercise price lower than the market price (net asset value per share), an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares. In addition, the issuer shall be required to specify the following information in the notice of reasons for convening the shareholders meeting, and may not raise the matter by means of an extraordinary motion.
- Article 5-2: To transfer shares to employees at less than the average actual share repurchase price, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at the most recent shareholders meeting attended by shareholders representing a majority of the total issued shares. In addition, the issuer shall be required to specify the following information in the notice of reasons for convening the shareholders meeting, and may not raise the matter by means of an extraordinary

motion.

Article 6: The share certificates shall be in registered form, affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof. The Company may be exempted from printing any share certificate for the shares issued, but shall register the issued shares with a centralized securities depositary enterprise and follow the regulations of that enterprise.

Article 7: (Deleted)

Article 8: (Deleted)

Article 9: (Deleted)

Article 10: (Deleted)

Article 11: (Deleted)

Article 12: (Deleted)

Article 13: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits. The Company's stock affairs shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter 3 Shareholders Meeting

Article 14: Shareholders' meeting shall be of two kinds: Regular meeting of shareholders, and special meeting of shareholders. The regular meeting of shareholders is to be held at least once every year within six months after close of each fiscal year, while the special meeting of shareholders is to be held when necessary.

The Company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 15: A shareholder shall have one voting power in respect of each share in his/her/its possession, unless the shares have restricted voting rights or have no voting power as stipulated in Paragraph 2, Article 179 of the Company Act.

Article 15-1: If the shareholder is unable to do attend the meeting in person for any cause, the shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. The shareholder attendance by proxy shall be handled in accordance with Article 177 of the Company Act, and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 16: The shareholders meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed 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.

Article 17: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 17-1: The Company's IPO withdrawal shall be performed by resolution of the shareholders' meeting, and this provision shall not be changed during the TWSE/TPEX listing period.

Article 17-2: Minutes shall be taken of the proceedings of the meeting of the board of directors.

The provisions of Article 183 shall apply mutatis mutandis to the aforesaid minutes.

Chapter 4 Board of Directors

Article 18: The Company's board of directors has 9-12 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election.

In accordance with Article 14-2 of the Securities and Exchange Act, the Company's independent directors in the preceding article shall be three to four in number and no less than one-fifth of the total number of directors. The candidate nomination system was adopted for the election of directors, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The professional qualifications of independent directors, shareholding, part-time restrictions, nomination and selection methods and other matters to be complied with shall be handled in accordance with the Company Act and regulations of competent authorities.

Article 19: The board of directors is composed of one or more directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board according to business needs. The chairman of the board shall externally represent the Company.

Article 20: The functional duties and power of the board of directors are as follows:

1. Decision-making of business plans.
2. Preparation of important articles of incorporation and contracts.
3. Establishment and abolition of branch offices.
4. Budgets and settlement of accounts.
5. Appointment and dismissal of important staff.
6. Other matters stipulated by the Company Act and Articles of Incorporation.

Article 21: Except as otherwise provided in the Company Act. If a shareholders meeting is convened and chaired by the chairperson of the board. In case the Company has a vice chairperson, when the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed 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. In the case of emergency, a meeting of the board of directors may be convened at any time. In calling a meeting of the board of directors, a notice shall be given to each director in writing, by e-mail or by facsimile.

Article 22: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 23: If attendance in person is not possible, they may appoint another director to attend as their proxy. However, a proxy may accept a proxy from one person only.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. The board of directors is authorized to determine the remuneration for the directors with reference to their participation and contributions in the Company's operations, as well as the evaluation of the Remuneration Committee and pay standards of industry peers.

Article 23-1: The Company shall obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Chapter 5 Audit Committee

Article 24: The Company shall establish functional committees such as the Audit Committee and Remuneration Committee. The responsibilities, organizational rules, exercise of powers and other related matters to be complied with shall be handled in accordance with relevant regulations of the competent authority and the Company.

The Audit Committee is formed by independent directors

Article 24-1: (Deleted)

Article 25: (Deleted)

Article 26: (Deleted)

Chapter 6 Managers

Article 27: The Company may have one or more managerial personnel. Appointment and discharge and the remuneration of the managerial personnel shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company. The Company may appoint a president, CEO, deputy CEO, general managers of business groups, general managers of business divisions, and consultants by resolution of the board of directors.

Chapter 7 Accounting

Article 28: The Company's fiscal year starts from January 1 and ends on December 31.

Article 29: At the close of each fiscal year, the Company shall prepare the following statements and records to be submitted to the general meeting of shareholders for ratification:

(I) The business report.

(II) Financial statements.

(III) The surplus earning distribution or loss off-setting proposals.

Article 30: If the Company earned profits in the current fiscal year, it shall allocate 3%-12% as employee compensation by way of cash or shares by the resolution of the Board of Directors. Qualification requirements of employees include the employees subsidiaries of the company meeting certain specific requirements The Company may set aside no more than 3% for the remuneration of directors by way of cash. However, a reserve is allotted to be used to make up for the company's accumulated losses. If after the annual closing of books there is a profit, the Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts already reached the authorized capital, this shall not apply. The special reserves shall be set aside or reversed in accordance with the laws or regulations of the competent authority. If there is still balance and accumulated undistributed surplus, the board of directors shall make a surplus distribution proposal. Surplus profit shall be distributed in the form of new shares by resolution of the shareholders' meeting. In accordance with Paragraph 5, Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; or distribute its legal reserve and the following capital reserve, in whole or in part by cash according to Paragraph 1, Article 241 of the Company Act; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is based on the current status and future development plans, considering the investment environment, capital needs and domestic and foreign competition, taking into account the shareholder interests and other factors. When there

is no accumulated losses from prior years, the Company shall allocate no less than 50% of profits to shareholders. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 50% of the total distribution.

Chapter 8 Supplemental Provisions

Article 31: The Company organizational rules and work rules shall be formulated separately.

Article 32: The unresolved issues in the Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws.

Article 33: The Articles of Incorporation were formulated on May 31, 1989.

1st amendment on July 20, 1989.

2nd amendment on June 15, 1994.

3rd amendment on November 20, 1997.

4th amendment on February 5, 1998.

5th amendment on March 28, 2000.

6th amendment on April 17, 2000.

7th amendment on May 15, 2000.

8th amendment on March 1, 2002.

9th amendment on July 28, 2003.

10th amendment on March 1, 2004.

11th amendment on March 29, 2004.

12th amendment on April 12, 2004.

13th amendment on April 19, 2004.

14th amendment on May 4, 2004.

15th amendment on September 20, 2005.

16th amendment on May 19, 2007.

17th amendment on June 28, 2008.

18th amendment on June 14, 2010.

19th amendment on June 6, 2012.

20th amendment on June 2, 2015.

21st amendment on June 6, 2016.

22nd amendment on August 4, 2021.

23rd amendment on June 14, 2022.

Coxon Precise Industrial Co., Ltd.

Chairman: Hong, Huan-Ching

Coxon Precise Industrial Co., Ltd.
Shareholdings of Directors

- I. As of the book close date of the general shareholders' meeting on April 29, 2023, the Company's paid-in capital was NT\$1,216,622,390, and the total number of shares issued was 121,662,239 shares.
- II. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares required to be held by all directors were 8,000,000 shares.
(In accordance with Article 2 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if two or more independent directors are elected, the shareholdings of all directors other than independent directors shall be reduced to 80%.)
- III. The register of shareholders records the number of shares held by directors individually and by the entire body thereof respectively, which has met the legal standard for shareholding ratio.
- IV. Detailed Shareholdings of Directors:

Title	Name	Shares held as listed in the shareholders' register on the book close date	
		Shares	%
Chairman	Hong, Huan-Ching	4,033,792	3.32%
Vice Chairman	Wu, Wen-Hsiang	3,107,047	2.55%
Director	Chang, Wen-Tung	4,538,147	3.73%
Director	Lu, Kuo-Liang	484,000	0.40%
Director	Hsieh, Jen-Chien	0	0.00%
Director	Hsu, Chia-Hung	144,389	0.12%
Independent Director	Wu, Teng-Tsan	0	0.00%
Independent Director	Chen, Ming-Der	0	0.00%
Independent Director	Lin, Chih-Chen	48,740	0.04%
Number of shares held by all directors		12,356,115	10.16%

Proposal by the shareholder(s) holding one percent or more of the Company's total number of outstanding shares

1. In accordance with Article 172-1 of the Company Act, shareholders holding more than one percent or more of the Company's total number of outstanding shares may submit a written proposal to the Company to be presented in the 2023 annual general meeting of shareholders. The period of proposal is from April 21, 2023 to May 2, 2023.
2. Proposal by the shareholder(s) holding one percent or more of the Company's total number of outstanding shares in the 2023 Annual General Meeting: None.