



Kuen Chaang Uppertech Corp.

2023 Annual Shareholders Meeting Meeting Handbook

Method for convening the shareholders meeting:

Physical shareholders meeting

Time: 9:00 a.m. on June 30, 2023

Place: 2F., No. 219, Sec. 3, Zhongxing Rd.,
Xindian Dist., New Taipei City

(ONE WORLD Community Services Center Room 204)

Table of Contents

Chapter 1	Meeting Procedure	– 1 –
Chapter 2	Meeting Agenda	– 2 –
Chapter 3	Announcement	– 3 –
Chapter 4	Ratifications	– 4 –
Chapter 5	Election Matters	– 5 –
Chapter 6	Questions and Motions	– 7 –
Chapter 7	Adjournment	– 7 –

Attachments

(I)	2022 Business Report	– 8 –
(II)	2022 Audit Committee's Review Report	– 11 –
(III)	2022 Independent Auditor's Audit Report and Financial Statements and Consolidated Financial Statements	– 12 –
(IV)	2022 Deficit Compensation Statement	– 35 –

Appendices

(I)	Rules of Procedure for Shareholders Meetings	– 36 –
(II)	Articles of Incorporation	– 41 –
(III)	Measures for Election of Directors	– 47 –
(IV)	Shareholding of Directors	– 49 –

Chapter 1 Meeting Procedure

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Announcement
- IV. Ratifications
- V. Election Matters
- VI. Questions and Motions
- VII. Adjournment

Chapter 2 Meeting Agenda

Kuen Chaang Uppertech Corp.

2023 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m. on June 30, 2023 (Friday)

Place: 2F., No. 219, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City
(ONE WORLD Community Services Center Room 204)

I. Call the Meeting to Order

II. Chair's Remarks

III. Announcement

(I) 2022 Business Report.

(II) 2022 Audit Committee's Review Report.

IV. Ratifications

(I) 2022 Parent Company Only Financial Statements and
Consolidated Financial Statements and Business Report.

(II) 2022 Deficit Compensation.

V. Election Matters

Election of one additional director and one additional independent
director.

VI. Questions and Motions

VII. Adjournment

Chapter 3 Announcements

Proposal 1

Report: 2022 Business Report.

Explanation: Please refer to pp. 8 (Attachment I).

Proposal 2

Report: 2022 Audit Committee's Review Report.

Explanation: Please refer to pp. 11 (Attachment II).

Chapter 4 Ratifications

Proposal 1

Report: 2022 Parent Company Only Financial Statements and Consolidated Financial Statements and Business Report.
Proposed by the Board of Directors

Explanation: (I) Both the 2022 Parent Company Only Financial Statements and Consolidated Financial Statements prepared and submitted by the Board of Directors have been audited by CPA Yeh, Tsui-Miao and CPA Huang, Shih-Chun of PricewaterhouseCoopers Taiwan. Such two Financial Statements, the Business Report, and the Deficit Compensation Statement have been reviewed by the Audit Committee.
(II) Please refer to pp. 8 [Attachment I] and pp. 12~34 [Attachment III] of for the aforementioned Business Report, Independent Auditor's Audit Report and Financial Statements.
(III) We hereby submit for ratification.

Resolution:

Proposal 2

Report: 2022 Deficit Compensation. Proposed by the Board of Directors

Explanation: (I) The Board of Directors has approved the 2022 Deficit Compensation Statement.
(II) The Corporation's 2022 Deficit Compensation Statement has been prepared and the net income after tax for the year is NT\$8,825,084 and the accumulated deficit for the next period is NT\$36,480,230, please refer to pp. 35 for details [Attachment IV].
(III) We hereby submit for ratification.

Resolution:

Chapter 5 Election Matters

Proposal 1

Report: Election of one additional director and one additional independent director. Proposed by the Board of Directors

Explanation: (I) In accordance with Paragraph 2 of Article 4 of the "Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies", if the board chairperson and the general manager are the same person, the Corporation shall appoint not less than 4 independent directors. In addition, to implement corporate governance and enhance the functions of the Board of Directors, the Corporation proposes to elect one additional director and one additional independent director.

(II) The term of office of the newly elected director shall commence from the date of election at the Annual Shareholders Meeting, i.e., June 30, 2023 to June 15, 2025, and the newly elected independent director shall be the member of the Audit Committee.

(III) The election of directors was conducted in accordance with the "Rules for Director Election".

(IV) List of Candidates for Directors and Independent Directors is as follows:

Category	Director	Director	Independent Director
Name of Candidate	Ho, Chieh-Hsiung	Li, I-Hung	Lien, Hai-Shan
Academic Background	High School	Wego High School	Graduate Institute of Business Administration, National Taipei University
Work Experience	Deputy General Manager of Jiabaiyu (Kunshan) Electronic Co.,Ltd.	None	Assistant Manager of General Management Office of Asec International Corp.
Current Position	None	None	Head of Management Team of Chiao-Fu Real Estate Management Corp.
Shareholdings (Unit: share)	0	805,000	8,011
Name of the Government or Legal Entity Represented	None	None	None
Other Related Information	None	None	None

(V) We hereby submit for election.

Voting Results:

Chapter 6 Questions and Motions

Chapter 7 Adjournment

Kuen Chaang Uppertech Corp. Business report



The following is a brief report on 2022 Business Report and Operating Perspectives for the current year:

I. 2022 Business Report

(I) Business results: Due to the weakening of the semiconductor market, the Corporation's consolidated revenue for 2022 was NT\$1,250,708 thousand, a decrease of 22.36% from 2021's revenue of NT\$1,610,841 thousand; net income after tax for 2022 was NT\$8,824 thousand, and net income per share was NT\$0.07, lower than that of 2021's NT\$75,709 thousand and NT\$0.64, respectively. The net income per share was NT\$0.07, down from NT\$75,709 thousand and NT\$0.64 in 2021, respectively.

(II) Analysis of Financial Income and Expenditure and Profitability:

Item \ Year			2022	2021
			(Consolidated)	(Consolidated)
Financial income & expenditure	Net operating revenue		1,250,708	1,610,841
	Gross profit		33,191	156,260
	Gross margin		2.65%	9.70%
	Net profit after tax		8,824	75,706
Profitability (%)	Return on assets (%)		0.49%	4.75%
	Return on equity (%)		0.64%	5.65%
	Ratio to paid-in capital (%)	Operating (loss) income	2.74%	-2.84%
		(Loss) income before tax	1.42%	-2.47%
	Net profit rate (%)		0.71%	4.70%
	Basic earnings per share (NT\$)		0.07	0.64

(III) Status of Research and Development: The Corporation is a distributor of electronic components and is normally dedicated to customer service with no R&D expenditures.

II. Business Prospects and Future Development Strategies for the Current Year

(I) Business Policy:

The Corporation's business philosophy is " Simple, Clear, Focused, Segregated". While facing the ever-changing business environment, all of us will continue to make self-improvement and growth, and strive to develop new product lines and customers.

(II) Expected Production and Sales Overview:

Although the macroeconomic environment this year is still unfavorable and full of uncertainties, the Corporation will still strive to deepen the operation of its existing product lines and expand the development of new product lines to pursue better results than last year.

(III) Future Development Strategy:

- (1) Introduce new product lines and enter new application markets - introduce new product lines with high gross margins that meet market demand and strengthen our product and market planning capabilities.
- (2) Develop new customers - actively explore new customers, provide high quality professional technical support services and complete solutions for new customers and customers with specific needs.
- (3) Improve value-added services - help OEMs create demand through customer relationships and rapid market response; increase overall company profitability.
- (4) We are committed to the brand management of "Sen Tao" and sell Chinese herbal beverages with the same source of medicine and food under the "Sen Tao" brand.

III. Impact of External Competitive Environment, Regulatory Environment and Overall Business Environment

This year, due to the war between Russia and Ukraine and the impact of inflation on the economy, the inventory of downstream electronic products still needs to be diligently depleted, which in turn affects the demand for semiconductors, making the semiconductor inventory is still relatively high. However, the RAM manufacturers have taken drastic capital expenditure cuts and production reductions in response, and will be able to balance supply and demand in the future.

In terms of the regulatory environment, the biggest shock to the semiconductor industry was the United States Chips and Science Act and a series of sanctions against the Chinese semiconductor industry, such as restricting the export of high-

end semiconductor equipment and chips to China and prohibiting U.S. personnel from working in the Chinese semiconductor industry. However, the impact on the Corporation is not significant because the Corporation is a semiconductor distributor and the semiconductor products it represents do not originate from Chinese companies. In terms of the law on listed companies, the more important thing is that the competent authorities require all listed companies to have a corporate governance manager and an information security manager by the end of June and December this year respectively. In addition, the Chairman and the President of the Corporation shall have one additional independent director by the end of December this year, and the Corporation will comply with the regulations.

In the future, Kuen Chaang will continue to strive to provide customers with the products they need in a timely manner and to develop our core areas of expertise so as to live up to the expectations of our shareholders and the public, as well as to the support of our customers, suppliers, shareholders and employees.

We wish to express our most sincere gratitude.

Chairman

Chang, Cheng-Wen



President

Chang, Cheng-Wen



Accounting
Manager

Chou, Chao-Peng



【 Attachments II 】

Kuen Chaang Uppertech Corp.
Audit Committee's Review Report



The Board of Directors has prepared and submitted the 2022 Business Report, consolidated financial statements, parent company only financial statements and deficit compensation statement proposal. The consolidated financial statements and parent company only financial statements have been audited by CPA Yeh, Tsui-Miao and CPA Huang, Shih-Chun of PricewaterhouseCoopers Taiwan, which submitted the Independent Auditors' Report and were believed without non-conformity. The Report as mentioned above is duly submitted in accordance with Article 14-4 of Securities and Exchange Act, Article 219 of the Company Act. Please check and verify.

To:

2023 Annual Meeting of Shareholders of Kuen Chaang Uppertech Corp.

Audit Committee Convener:
Chen, Chao-Liang

Audit Committee Member:
Chen, Jun-Ho

Audit Committee Member:
Lee, Chin-Ting

March 24, 2023

【 Attachments III 】



Kuen Chaang Uppertech Corp.

Declaration of Consolidated Financial Statements of Affiliates

The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

Sincerely,

Name of Company: Kuen Chaang Uppertech Corp.

Person in Charge: Chang, Cheng-Wen

March 24, 2023

To Kuen Chaang Uppertech Corp.,

Audit opinion

We have audited the accompanying consolidated balance sheets of Kuen Chaang Uppertech Corp. (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2022 and 2021 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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 refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022, based on our professional judgment. 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.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Assessment of an allowance for losses on accounts receivable

Description

Please refer to Note 4 (10) to the consolidated financial statements for the accounting policy on accounts receivable; Note 5 (2) for the uncertainty of accounting estimates and assumptions for the assessment of an allowance for losses on accounts receivable; Note 6 (5) for the details of the accounts receivable account; Note 12 (2) for the disclosure of the information on credit risks.

The Group manages the collection of receivables and overdue receivables from clients and assumes relevant credit risks. Management regularly assesses its clients' credit quality and the collection situation and adjusts its credit policy for clients in a timely manner. In addition, its assessment of an allowance for losses on accounts receivable is based on the expected credit loss estimated in accordance with the relevant provisions of the IFRS 9 Financial Instruments. Management sets an expected loss ratio based on many factors that may affect each client's ability to pay on the balance sheet date and in history, such as the number of days for which the client's receivable is past due, the client's financial position, and economic situation, as well as future forward-looking information.

As the Group's amount of accounts receivable was relatively large, and the assessment process for an allowance for losses involved management's judgment, we listed the assessment of an allowance for losses on accounts receivable as one of the key audit matters.

Corresponding audit procedures

Our corresponding procedures for the above key audit matter are summarized as follows:

1. Understood the Group's client credit status, credit quality, and policy for provision of an allowance for losses on accounts receivable.
2. Tested the changes in the age of the accounts receivable, checked the relevant supporting documents of the accounts receivable dates, and confirmed the classification during the aging period.
3. Obtained and reviewed the relevant information provided by management and evaluated the percentage used for the provision of an allowance for losses on accounts receivable with reference to the loss occurrence rate in history and future forward-looking information.
4. Recalculated the allowance for losses that should be provided at the percentage of the provision for the allowance for losses.

Inventory valuation

Description

Please refer to Note 4 (14) to the consolidated financial statements for the accounting policy on Inventory valuation; Note 5 (2) for the uncertainty of accounting estimates and assumptions for the Inventory valuation; Note 6 (6) for the details of the inventories account.

The Group engages in the sales of electronic components. With the rapid changes in technology in the industry where it is situated, the life cycle of electronic components is short and the market competition is fierce, resulting in frequent fluctuations in product prices. The Group exercises

judgment and makes estimation to determine the net realizable value of inventories on the balance sheet date, identifies the net realizable value for each inventory one by one, compares the net realizable value and the cost to see which was lower, and, at the same time, identifies the age and value of each inventory, to recognize valuation losses accordingly.

As the Group's amount of inventories was relatively large, and the inventory valuation involved management's judgment, we listed the inventory valuation as one of the key audit matters.

Corresponding audit procedures

Our corresponding procedures for the above key audit matter are summarized as follows:

1. Obtained the inventory valuation policy, evaluated its recognition policy, and confirmed the inventory valuation policy adopted during the financial statement period.
2. Conducted on-site inventory at the end of the period to identify whether there are obsolete, damaged, or unsalable inventories.
3. Obtained the inventory aging report, performed the inventory aging test, randomly checked the inventory material number to verify the inventory change records, confirmed the classification of the inventory age ranges, and evaluated the impact on the inventory value.
4. Obtained the inventory net realizable value statement, confirmed the calculation logic, and randomly checked and tested the relevant data with relevant evaluation documents, and recalculated the allowance for valuation losses to be provided after comparing the cost and the net realizable value to see which was lower one by one.

Other matters—parent company only financial statements

The Company has also prepared the parent company only financial statements for the years ended December 31, 2022 and 2021, for which we have issued an audit report with an unqualified opinion for reference.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including its Audit Committee) are responsible for supervising the 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over 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 expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

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 provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2022. 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.

PwC Taiwan

Huang, Shih-Chun

CPA

Yeh, Tsui-Miao

FSC

Approval Document No.: Jin-Guan-Zheng-Shen No.
1050029449

Securities and Futures Bureau

Approval Document No.: Jin-Guan-Zheng-VI No.
0960058737

March 24, 2023

Notices 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.

Kuen Chaang Uppertech Corp. and Its Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Assets		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 154,089	10	\$ 286,134	17
1110	Financial assets at fair value through profit or loss - current	6(2)	107,211	7	120,970	7
1136	Financial assets at amortized cost - current	6(4) and 8	262,892	17	40,904	2
1170	Accounts receivable, net	6(5)	231,466	15	406,943	25
1200	Other receivables		11,449	1	11,209	1
1220	Current income tax assets	6(29)	-	-	9	-
130X	Inventories	6(6)	495,127	31	474,881	29
1410	Prepayments	6(7)	35,450	2	35,175	2
1470	Other current assets		252	-	657	-
11XX	Total current assets		1,297,936	83	1,376,882	83
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,118	-	5,356	1
1600	Property, plant and equipment	6(8)	93,185	6	95,333	6
1755	Right-of-use assets	6(9)	6,254	-	1,055	-
1760	Investment property, net	6(11)	137,800	9	145,395	9
1780	Intangible assets	6(12)	1,569	-	2,405	-
1840	Deferred income tax assets	6(29)	8,950	1	3,831	-
1920	Refundable deposits		320	-	1,899	-
1990	Other non-current assets - others	6(13)	21,496	1	20,880	1
15XX	Total non-current assets		270,692	17	276,154	17
1XXX	Total assets		\$ 1,568,628	100	\$ 1,653,036	100

(Continued on the next page)

Kuen Chaang Uppertech Corp. and Its Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Note			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(14)	\$ 30,000	2	\$ 67,725	4
2170	Accounts payable	6(15)	55,264	4	131,908	8
2200	Other payables		7,389	-	14,848	1
2230	Current income tax liabilities	6(29)	11,647	1	-	-
2280	Lease liabilities - current	7(2)	1,874	-	1,068	-
2300	Other current liabilities	6(16)	67,541	4	57,027	4
21XX	Total current liabilities		173,715	11	272,576	17
Non-current liabilities						
2570	Deferred income tax liabilities	6(29)	2,295	-	1,022	-
2580	Lease liabilities - non-current	7(2)	4,401	1	-	-
2645	Guarantee deposits received		2,598	-	2,596	-
25XX	Total non-current liabilities		9,294	1	3,618	-
2XXX	Total liabilities		183,009	12	276,194	17
Equity attributable to owners of the parent company						
	Share capital	6(18)				
3110	Capital stock - common shares		1,181,722	75	1,181,722	71
	Capital surplus	6(19)				
3200	Capital surplus		313,679	20	313,679	19
	Retained earnings	6(20)				
3310	Legal reserve		-	-	73,486	4
3320	Special reserve		10,771	1	10,771	1
3350	Deficit to be offset		(36,480)	(3)	(120,012)	(7)
	Other equity	6(21)				
3400	Other equity		(84,073)	(5)	(82,804)	(5)
31XX	Total equity attributable to owners of the parent company		1,385,619	88	1,376,842	83
3XXX	Total equity		1,385,619	88	1,376,842	83
Significant Contingent Liabilities and			9			
Unrecognized Contract						
Commitments						
Significant Events after the Balance			11			
Sheet Date						
3X2X	Total liabilities and equity		\$ 1,568,628	100	\$ 1,653,036	100

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(except for earnings per share in NT\$)

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(22)	\$ 1,250,708	100	\$ 1,610,841	100
5000	Operating costs	6(6)	(1,217,517)	(98)	(1,454,581)	(91)
5900	Gross profit		33,191	2	156,260	9
	Operating expenses	6(27) and 7(2)				
6100	Selling and marketing expenses		(18,906)	(1)	(29,607)	(2)
6200	General and administrative expenses		(46,715)	(4)	(54,206)	(3)
6450	Expected credit impairment gains (losses)	12(2)	49	-	(34)	-
6000	Total operating expenses		(65,572)	(5)	(83,847)	(5)
6900	Operating income (loss)		(32,381)	(3)	72,413	4
	Non-operating income and expenses					
7100	Interest income	6(23)	1,885	-	3,362	-
7010	Other income	6(24)	20,735	2	23,699	2
7020	Other gains and losses	6(25)	27,648	2	(18,920)	(1)
7050	Finance costs	6(26) and 7(2)	(1,075)	-	(86)	-
7000	Total non-operating income and expenses		49,193	4	8,055	1
7900	Income before tax		16,812	1	80,468	5
7950	Income tax expense	6(29)	(7,988)	-	(4,762)	-
8200	Net income for this period		<u>\$ 8,824</u>	<u>1</u>	<u>\$ 75,706</u>	<u>5</u>
	Other comprehensive income (net)					
	Components that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)	(\$ 2,595)	-	\$ 2,044	-
8310	Total amount of components that will not be reclassified to profit or loss		(2,595)	-	2,044	-
	Components that may be reclassified to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		2,548	-	(2,041)	-
8360	Total amount of components that may be reclassified to profit or loss		2,548	-	(2,041)	-
8300	Other comprehensive income (net)		(\$ 47)	-	\$ 3	-
8500	Total comprehensive income for this period		<u>\$ 8,777</u>	<u>1</u>	<u>\$ 75,709</u>	<u>5</u>
	Net income attributable to:					
8610	Owners of the parent company		<u>\$ 8,824</u>	<u>1</u>	<u>\$ 75,706</u>	<u>5</u>
	Total comprehensive income attributable to:					
8710	Owners of the parent company		<u>\$ 8,777</u>	<u>1</u>	<u>\$ 75,709</u>	<u>5</u>
	Basic earnings per share					
9750	Net income for this period	6(30)	<u>\$</u>	<u>0.07</u>	<u>\$</u>	<u>0.64</u>
	Diluted earnings per share					
9850	Net income for this period	6(30)	<u>\$</u>	<u>0.07</u>	<u>\$</u>	<u>0.64</u>

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Equity attributable to owners of the parent company								
		Retained earnings				Other equity			
	Note	Capital stock - common shares	Capital surplus	Legal reserve	Special reserve	Deficit to be offset	Exchange difference on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total Equity
<u>2021</u>									
Balance at January 1, 2021		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 195,718)	(\$ 83,446)	\$ 639	\$ 1,301,133
Net income for this period		-	-	-	-	75,706	-	-	75,706
Other comprehensive income (loss) for this period		-	-	-	-	-	(2,041)	2,044	3
Total comprehensive income (loss) for this period		-	-	-	-	75,706	(2,041)	2,044	75,709
Balance at December 31, 2021		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 120,012)	(\$ 85,487)	\$ 2,683	\$ 1,376,842
<u>2022</u>									
Balance at January 1, 2022		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 120,012)	(\$ 85,487)	\$ 2,683	\$ 1,376,842
Net income for this period		-	-	-	-	8,824	-	-	8,824
Other comprehensive income (loss) for this period		-	-	-	-	-	2,548	(2,595)	(47)
Total comprehensive income (loss) for this period		-	-	-	-	8,824	2,548	(2,595)	8,777
The legal reserve used to offset deficit	6(20)	-	-	(73,486)	-	73,486	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	1,222	-	(1,222)	-
Balance at December 31, 2022		\$ 1,181,722	\$ 313,679	\$ -	\$ 10,771	(\$ 36,480)	(\$ 82,939)	(\$ 1,134)	\$ 1,385,619

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp. and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Net income before tax for this period		\$ 16,812	\$ 80,468
Adjustments			
Income and expenses			
Property, plant and equipment depreciation expense	6(27)	3,587	3,534
Right-of-use asset depreciation expense	6(27)	1,938	3,703
Investment property depreciation expense	6(27)	9,561	9,390
Expected credit impairment (gain) loss	12(2)	(49)	34
Net loss (gain) on financial assets at fair value through profit or loss	6(25)	3,628	(3,771)
Intangible asset amortization expense	6(27)	2,506	3,224
Interest expenses	6(26)	1,075	86
Dividend income	6(24)	(972)	(169)
Interest income	6(23)	(1,885)	(3,362)
Gains (losses) on disposal of property, plant and equipment	6(25)	16	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		11,622	(28,864)
Accounts receivable, net		175,526	(111,842)
Other receivables		128	(1,057)
Inventories		(20,246)	(290,076)
Prepayments		(275)	(10,808)
Other current assets		405	(107)
Other non-current assets		(616)	(616)
Net changes in operating liabilities			
Notes payable		-	(891)
Accounts payable		(76,644)	42,244
Other payables		(7,459)	(235)
Other current liabilities		10,514	(60,865)
Cash inflows (outflows) from operations		129,172	(369,980)
Interest received		1,517	3,904
Dividends received		972	169
Interest paid		(1,075)	(86)
Income tax returned		9	175
Income tax paid		(117)	-
Net cash inflow (outflow) from operating activities		130,478	(365,818)

(Continued on the next page)

	Note	2022	2021
<u>Cash flows from investing activities</u>			
Decrease (increase) in financial assets at amortized cost - current		(\$ 221,988)	\$ 251,861
Disposal of financial assets at fair value through other comprehensive income - non-current		1,643	-
Acquisition of property, plant, and equipment	6(8)	(1,195)	(110)
Acquisition of intangible assets	6(12)	(1,670)	-
(Increase in) refundable deposits		-	(689)
Decrease in refundable deposits		1,583	-
Net cash (outflow) inflow from investing activities		(221,627)	251,062
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(31)	565,128	100,725
(Decrease in) short-term loans	6(31)	(602,853)	(33,000)
Repayment of the principal portion of lease liabilities	6(31)	(1,932)	(3,738)
(Decrease in) guarantee deposits received	6(31)	(903)	-
Increase in guarantee deposits received	6(31)	871	-
Net cash (outflow) inflow from financing activities		(39,689)	63,987
Effect of exchange rate changes		(1,207)	(118)
Decrease in cash and cash equivalents during this period		(132,045)	(50,887)
Opening balance of cash and cash equivalents		286,134	337,021
Ending balance of cash and cash equivalents		\$ 154,089	\$ 286,134

To Kuen Chaang Uppertech Corp.,

Opinions

We have audited the accompanying parent company only balance sheets of Kuen Chaang Uppertech Corp. (the “Company”) for the years ended December 31, 2022 and 2021 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements, based on our audit results, present fairly, in all material respects, the individual financial position of the Company as of December 31, 2022 and 2021 and for the years then ended, and its individual financial performance and individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company 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 refer to the most vital matters in our audit of the parent company only financial statements of the Company for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Assessment of an allowance for losses on accounts receivable

Description

Please refer to Note 4 (9) to the parent company only financial statements for the accounting policy on accounts receivable; Note 5 (2) for the uncertainty of accounting estimates and assumptions for the assessment of an allowance for losses on accounts receivable; Note 6 (5) for the details of the accounts receivable account; Note 12 (2) for the disclosure of the information on credit risks.

The Company manages the collection of receivables and overdue receivables from clients and assumes relevant credit risks. Management regularly assesses its clients' credit quality and the collection situation and adjusts its credit policy for clients in a timely manner. In addition, its assessment of an allowance for losses on accounts receivable is based on the expected credit loss estimated in accordance with the relevant provisions of the IFRS 9 Financial Instruments. Management sets an expected loss ratio based on many factors that may affect each client's ability to pay on the balance sheet date and in history, such as the number of days for which the client's receivable is past due, the client's financial position, and economic situation, as well as future forward-looking information.

As the Company's amount of accounts receivable was relatively large, and the assessment process for an allowance for losses involved management's judgment, we listed the assessment of an allowance for losses on accounts receivable as one of the key audit matters.

Corresponding audit procedures

Our corresponding procedures for the above key audit matter are summarized as follows:

1. Understood the Company's client credit status, credit quality, and policy for provision of an allowance for losses on accounts receivable.
2. Tested the changes in the age of the accounts receivable, checked the relevant supporting documents of the accounts receivable dates, and confirmed the classification during the aging period.
3. Obtained and reviewed the relevant information provided by management and evaluated the percentage used for the provision of an allowance for losses on accounts receivable with reference to the loss occurrence rate in history and future forward-looking information.
4. Recalculated the allowance for losses that should be provided at the percentage of the provision for the allowance for losses.

Inventory valuation

Description

Please refer to Note 4 (13) to the parent company only financial statements for the accounting policy on Inventory valuation; Note 5 (2) for the uncertainty of accounting estimates and assumptions for the Inventory valuation; Note 6 (6) for the details of the inventories account.

The Company engages in the sales of electronic components. With the rapid changes in technology in the industry where it is situated, the life cycle of electronic components is short and the market competition is fierce, resulting in frequent fluctuations in product prices. The Company exercises judgment and makes estimation to determine the net realizable value of inventories on the balance sheet date, identifies the net realizable value for each inventory one by one, compares the net realizable value and the cost to see which was lower, and, at the same time, identifies the age and value of each inventory, to recognize valuation losses accordingly.

As the Company's amount of inventories was relatively large, and the inventory valuation involved management's judgment, we listed the inventory valuation as one of the key audit matters.

Corresponding audit procedures

Our corresponding procedures for the above key audit matter are summarized as follows:

1. Obtained the inventory valuation policy, evaluated its recognition policy, and confirmed the inventory valuation policy adopted during the financial statement period.
2. Conducted on-site inventory at the end of the period to identify whether there are obsolete, damaged, or unsalable inventories.
3. Obtained the inventory aging report, performed the inventory aging test, randomly checked the inventory material number to verify the inventory change records, confirmed the classification of the inventory age ranges, and evaluated the impact on the inventory value.
4. Obtained the inventory net realizable value statement, confirmed the calculation logic, and randomly checked and tested the relevant data with relevant evaluation documents, and recalculated the allowance for valuation losses to be provided after comparing the cost and the net realizable value to see which was lower one by one.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including its Audit Committee) are responsible for supervising the financial reporting process.

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

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

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

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 provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2022. 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.

PwC Taiwan

Huang, Shih-Chun

CPA

Yeh, Tsui-Miao

FSC

Approval Document No.: Jin-Guan-Zheng-Shen No.
1050029449

Securities and Futures Bureau

Approval Document No.: Jin-Guan-Zheng-VI No.
0960058737

March 24, 2023

Notices 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.

Kuen Chaang Uppertech Corp.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Assets		Note	December 31, 2022		December 31, 2021			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	143,353	9	\$	251,984	15
1110	Financial assets at fair value through profit or loss - current	6(2)		2,081	-		19,217	1
1136	Financial assets at amortized cost - current	6(4) and 8		223,118	14		40,904	2
1170	Accounts receivable, net	6(5)		231,466	15		406,943	25
1180	Accounts receivable - related parties, net	6(5) and 7(2)		8,353	1		-	-
1200	Other receivables			11,409	1		11,209	1
1210	Other receivables - related parties	7(2)		4,123	-		582	-
1220	Current income tax assets	6(30)		-	-		9	-
130X	Inventories	6(6)		490,287	31		474,750	29
1410	Prepayments	6(7)		34,704	2		35,155	2
1470	Other current assets			196	-		605	-
11XX	Total current assets			1,149,090	73		1,241,358	75
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)		1,118	-		5,356	-
1550	Investments Accounted for Using the Equity Method	6(8)		288,153	19		282,197	17
1600	Property, plant and equipment	6(9)		76,304	5		77,888	5
1755	Right-of-use assets	6(10) and 7(2)		6,254	-		755	-
1760	Investment property, net	6(12)		13,524	1		13,742	1
1780	Intangible assets	6(13)		930	-		2,405	-
1840	Deferred income tax assets	6(30)		8,950	1		3,831	-
1920	Refundable deposits			179	-		1,639	-
1990	Other non-current assets - others	6(14)		20,915	1		20,299	2
15XX	Total non-current assets			416,327	27		408,112	25
1XXX	Total assets		\$	1,565,417	100	\$	1,649,470	100

(Continued on the next page)

Kuen Chaang Uppertech Corp.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(15)	\$ 30,000	2	\$ 67,725	4
2170	Accounts payable	6(16)	55,264	4	131,908	8
2200	Other payables		7,065	-	13,895	1
2230	Current income tax liabilities	6(30)	11,647	1	-	-
2280	Lease liabilities - current	7(2)	1,874	-	768	-
2300	Other current liabilities	6(17)	67,072	4	56,584	4
21XX	Total current liabilities		172,922	11	270,880	17
Non-current liabilities						
2570	Deferred income tax liabilities	6(30)	2,295	-	1,022	-
2580	Lease liabilities - non-current	7(2)	4,401	-	-	-
2645	Guarantee deposits received		180	-	180	-
2670	Other current liabilities - others	6(8)	-	-	546	-
25XX	Total non-current liabilities		6,876	-	1,748	-
2XXX	Total liabilities		179,798	11	272,628	17
Equity						
Share capital						
3110	Capital stock - common shares	6(19)	1,181,722	75	1,181,722	71
	Capital surplus	6(20)				
3200	Capital surplus		313,679	20	313,679	19
	Retained earnings	6(21)				
3310	Legal reserve		-	-	73,486	4
3320	Special reserve		10,771	1	10,771	1
3350	Deficit to be offset		(36,480)	(2)	(120,012)	(7)
	Other equity	6(22)				
3400	Other equity		(84,073)	(5)	(82,804)	(5)
3XXX	Total equity		1,385,619	89	1,376,842	83
Significant Contingent Liabilities and		9				
Unrecognized Contract Commitments						
Significant Events after the Balance		11				
Sheet Date						
3X2X	Total liabilities and equity		\$ 1,565,417	100	\$ 1,649,470	100

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(except for earnings per share in NT\$)

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(23) and 7(2)	\$ 1,261,489	100	\$ 1,610,242	100
5000	Operating costs	6(6)	(1,223,085)	(97)	(1,454,590)	(90)
5900	Gross profit		38,404	3	155,652	10
5910	Unrealized profit on sales	6(8)	(6,573)	(1)	(206)	-
5920	Realized profit on sales	6(8)	206	-	578	-
5950	Gross profit, net		32,037	2	156,024	10
	Operating expenses	6(28) and 7(2)				
6100	Selling and marketing expenses		(13,595)	(1)	(35,171)	(2)
6200	General and administrative expenses		(37,971)	(3)	(42,776)	(3)
6450	Expected credit impairment gain (loss)	12(2)	49	-	(34)	-
6000	Total operating expenses		(51,517)	(4)	(77,981)	(5)
6900	Operating income (loss)		(19,480)	(2)	78,043	5
	Non-operating income and expenses					
7100	Interest income	6(24)	1,719	-	3,331	-
7010	Other income	6(25) and 7(2)	10,628	1	13,046	1
7020	Other gains and losses	6(26)	35,235	3	(11,234)	(1)
7050	Finance costs	6(27) and 7(2)	(1,075)	-	(66)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	6(8)	(10,285)	(1)	(2,652)	-
7000	Total non-operating income and expenses		36,222	3	2,425	-
7900	Income before tax		16,742	1	80,468	5
7950	Income tax expense	6(30)	(7,918)	-	(4,762)	-
8200	Net income for this period		<u>\$ 8,824</u>	<u>1</u>	<u>\$ 75,706</u>	<u>5</u>
	Components that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)	(\$ 2,595)	-	\$ 2,044	-
8310	Total amount of components that will not be reclassified to profit or loss		(2,595)	-	2,044	-
	Components that may be reclassified to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		2,548	-	(2,041)	-
8360	Total amount of components that may be reclassified to profit or loss		2,548	-	(2,041)	-
8300	Other comprehensive income (net)		<u>(\$ 47)</u>	<u>-</u>	<u>\$ 3</u>	<u>-</u>
8500	Total comprehensive income for this period		<u>\$ 8,777</u>	<u>1</u>	<u>\$ 75,709</u>	<u>5</u>
	Basic earnings per share					
9750	Net income for this period	6(31)	\$ 0.07		\$ 0.64	
	Diluted earnings per share					
9850	Net income for this period	6(31)	\$ 0.07		\$ 0.64	

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Capital stock - common shares	Capital surplus	Retained earnings			Other equity		Total Equity
				Legal reserve	Special reserve	Deficit to be offset	Exchange difference on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
<u>2021</u>									
Balance at January 1, 2021		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 195,718)	(\$ 83,446)	\$ 639	\$ 1,301,133
Net income for this period		-	-	-	-	75,706	-	-	75,706
Other comprehensive income (loss) for this period		-	-	-	-	-	(2,041)	2,044	3
Total comprehensive income (loss) for this period		-	-	-	-	75,706	(2,041)	2,044	75,709
Balance at December 31, 2021		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 120,012)	(\$ 85,487)	\$ 2,683	\$ 1,376,842
<u>2022</u>									
Balance at January 1, 2022		\$ 1,181,722	\$ 313,679	\$ 73,486	\$ 10,771	(\$ 120,012)	(\$ 85,487)	\$ 2,683	\$ 1,376,842
Net income for this period		-	-	-	-	8,824	-	-	8,824
Other comprehensive income (loss) for this period		-	-	-	-	-	2,548	(2,595)	(47)
Total comprehensive income (loss) for this period		-	-	-	-	8,824	2,548	(2,595)	8,777
The legal reserve used to offset deficit	6(21)	-	-	(73,486)	-	73,486	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	1,222	-	(1,222)	-
Balance at December 31, 2022		\$ 1,181,722	\$ 313,679	\$ -	\$ 10,771	(\$ 36,480)	(\$ 82,939)	(\$ 1,134)	\$ 1,385,619

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Net income before tax for this period		\$ 16,742	\$ 80,468
Adjustments			
Income and expenses			
Depreciation expense (including depreciation of property, plant and equipment, investment property, and right-of-use assets)	6(28)	4,553	4,489
Intangible asset amortization expense	6(28)	1,935	3,224
Expected credit losses (gains)	12(2)	(49)	34
Net loss (gain) on financial assets at fair value through profit or loss	6(26)	5,514	(1,332)
Interest expenses	6(27)	1,075	66
Interest income	6(24)	(1,719)	(3,331)
Dividend income	6(25)	(972)	(169)
Loss (gain) on investments accounted for using the equity method	6(8)	10,285	2,652
Unrealized profit on sales		6,573	206
Realized profit on sales		(206)	(578)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		11,622	(16,712)
Accounts receivable, net		175,526	(111,842)
Accounts receivable - related parties, net		(8,353)	908
Inventories		(15,537)	(290,285)
Prepayments		451	(10,809)
Other receivables		168	(1,060)
Other receivables - related parties		(3,541)	(37)
Other current assets		409	(141)
Other non-current assets - others		(616)	(616)
Net changes in operating liabilities			
Notes payable		-	(891)
Accounts payable		(76,644)	42,244
Other payables		(6,830)	(384)
Other current liabilities		10,488	(60,647)
Cash inflows (outflows) from operations		130,874	(364,543)
Interest received		1,351	3,873
Dividends received		972	169
Interest paid		(1,075)	(66)
Income tax returned		9	175
Income tax paid		(117)	-
Net cash inflow (outflow) from operating activities		132,014	(360,392)

(Continued on the next page)

	Note	2022	2021
<u>Cash flows from investing activities</u>			
Decrease (increase) in financial assets at amortized cost - current		(\$ 182,214)	\$ 251,861
Disposal of financial assets at fair value through other comprehensive income - non-current		1,643	-
Investments accounted for using the equity method - establishment of subsidiary		-	(20,000)
Acquisition of property, plant, and equipment	6(9)	(874)	(110)
Acquisition of intangible assets	6(13)	(965)	-
Disposal of intangible assets	6(13)	505	-
(Increase in) refundable deposits		-	(1,077)
Decrease in refundable deposits		1,460	155
Net cash (outflow) inflow from investing activities		(180,445)	230,829
<u>Cash flows from financing activities</u>			
Investments accounted for using the equity method - cash capital increase by subsidiary	7(2)	(18,800)	-
Increase in short-term loans	6(32)	565,128	100,725
(Decrease in) short-term loans	6(32)	(602,853)	(33,000)
Repayment of the principal portion of lease liabilities	6(32)	(1,904)	(1,832)
Net cash (outflow) inflow from financing activities		(58,429)	65,893
Effect of exchange rate changes		(1,771)	147
Decrease in cash and cash equivalents during this period		(108,631)	(63,523)
Opening balance of cash and cash equivalents		251,984	315,507
Ending balance of cash and cash equivalents		\$ 143,353	\$ 251,984

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chang, Cheng-Wen

Managerial Officer: Chang, Cheng-Wen

Accounting Manager: Chou, Chao-Peng

Kuen Chaang Uppertech Corp.
2022 Deficit Compensation Statement



Unit: NT\$

Item	Amount
I. Deficit to be offset	
1. Beginning balance of retained earnings	(46,527,413)
2. Net profit after tax for the year	8,825,084
3. Disposal of equity instruments at fair value through other comprehensive income	<u>1,222,099</u>
Total deficit to be offset at the end of the period	(36,480,230)
II. Deficit to be offset	(36,480,230)
III. Accumulated deficit carryforward to next period	(36,480,230)

Chairman:
Chang, Cheng-Wen



Manager:
Chang, Cheng-Wen



Accounting Manager:
Chou, Chao-Peng



Kuen Chaang Uppertech Corp. Rules of Procedure for Shareholders Meetings

Approved at the Annual Shareholders Meeting on June 16, 2022

Article 1 Unless otherwise prescribed in laws and ordinances concerned, the shareholders' meeting of the Corporation shall be duly convened in accordance with these Rules.

Article 2 The term "shareholders" as set forth herein denotes the shareholders themselves and the proxies authorized by shareholders.

Article 3 The shareholder' meeting shall be held by means of visual communication network or other methods promulgated by the central competent authority.

For the convention of an annual shareholders' meeting, meeting agenda book shall be prepared and notices shall be sent to all shareholders thirty days before the convention of the meeting, and for shareholders holding less than 1,000 registered shares, the announcement method of uploading onto the Market Observation Post System (MOPS) may be adopted 30 days before the convention of the meeting.

This Corporate 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:

- I. For physical shareholders meetings, to be distributed on-site at the meeting.
 - II. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 - III. 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, amendments to the articles of incorporation, 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.

A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a proposal in writing 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 Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation 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 Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list the proposals that conform to the provisions of this article in the meeting notice. At the shareholders meeting, the board of directors shall specify the reasons for excluding any shareholders' proposals from the meeting agenda.

Article 4 A shareholder (or proxy) attending a stockholders meeting shall be admitted to the meeting at least 30 minutes prior to the time the meeting commences. The Corporation 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 number of shares in attendance shall be calculated according to the shares indicated by the attendance book or signed-in card and the virtual meeting platform. 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.

Article 5 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. 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

Article 6 The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m.

The restrictions on the place of the meeting shall not apply when the Corporation convenes a virtual-only shareholders meeting. When the Corporation 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 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the directors shall select one person from among themselves to serve as the chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.

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

Article 8 The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to

attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 9 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."

Article 10 The Corporation, 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 Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, 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 Corporation 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.

Article 11 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, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. 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 12 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

After adjournment of the meeting, the shareholders shall not elect another chair to continue the meeting at the same venue or another venue; 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.

- Article 13 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder who has the floor; the chair shall stop any violation.
- Article 14 The shareholders attending the meeting are obligated to comply with the rules of the meeting, obey the rules, and maintain the order of the meeting.
- Article 15 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.
- Article 16 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 17 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 18 When the chair considers that a proposals and of amendments or extempore motions proposed by a shareholder 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 19 Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. In the event of a vote, the vote shall be deemed to have been taken if there is no dissenting vote after consultation with the chair and shall have the same effect as a poll.
- Article 20 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 21 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of Aurora. 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.
- Article 22 When a meeting is in progress, the Chair may announce a 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, or the meeting may be resumed without notice and announcement within five days by resolution of the shareholders meeting.
- Article 23 The election of directors at a shareholders meeting shall be held in accordance with the applicable election

and appointment rules adopted by the Corporation, 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 the unelected directors and supervisors and the numbers of votes with which they obtained.

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 recording shall be retained until the conclusion of the litigation.

Article 24 Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act, Articles of Incorporation and relevant laws and regulations.

Article 25 The Rules shall be implemented after having been approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 26 Revision Date

These Regulations were set up on June 27, 2002.

The first amendment was made on June 15, 2006.

The second amendment was made on June 15, 2007.

The third amendment was made on June 18, 2013.

The fourth amendment was made on August 27, 2021.

The fifth amendment was made on June 16, 2022.

Kuen Chaang Uppertech Corp.

Articles of Incorporation

Chapter 1 General Principles

Article 1 The name of the Corporation is Kuen Chaang Uppertech Corp., which is incorporated pursuant to the Company Act.

Article 2 The business to be operated by the Corporation is as follows:

1. CC01080 Electronics Components Manufacturing.
2. E605010 Computer Equipment Installation.
3. CC01120 Data Storage Media Manufacturing and Duplicating.
4. I301010 Software Design Services.
5. I301020 Data Processing Services.
6. I301030 Electronic Information Supply Services.
7. F118010 Wholesale of Computer Software.
8. F119010 Wholesale of Electronic Materials.
9. F113050 Wholesale of Computers and Clerical Machinery Equipment.
10. F218010 Retail Sale of Computer Software.
11. F401010 International Trade.
12. F219010 Retail Sale of Electronic Materials.
13. F213030 Retail Sale of Computers and Clerical Machinery Equipment.
14. F108031 Wholesale of Drugs, Medical Goods.
15. F208031 Retail sale of Medical Equipments.
16. H701010 Housing and Building Development and Rental.
17. H703090 Real Estate Commerce.
18. C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food.
19. C104010 Manufacturing of Sugar Confectionery.
20. C109010 Manufacture of Seasoning.
21. C110010 Beverage Manufacturing.
22. C201010 Feed Manufacturing.
23. C801010 Basic Industrial Chemical Manufacturing.
24. C802041 Drugs and Medicines Manufacturing.
25. C802060 Veterinary Drug Manufacturing.
26. F101030 Wholesale of Fruits.
27. F102030 Wholesale of Tobacco Products and Alcoholic Beverages.
28. F102040 Wholesale of Nonalcoholic Beverages.
29. F102170 Wholesale of Foods and Groceries.
30. F103010 Wholesale of Animal Feeds.
31. F107030 Wholesale of Cleaning Supplies.
32. F107070 Wholesale of Veterinary Drugs.
33. F108011 Wholesale of Traditional Chinese Medicine.
34. F108021 Wholesale of Western Pharmaceutical.
35. F108040 Wholesale of Cosmetics.
36. F201010 Retail Sale of Agricultural Products.
37. F202010 Retail Sale of Feeds.
38. F203010 Retail sale of Food Products and Groceries.
39. F203020 Retail Sale of Tobacco and Alcohol.
40. F207030 Retail Sale of Cleaning Supplies.
41. F207070 Retail Sale of Veterinary Drugs.
42. F208011 Retail Sale of Chinese Medicine.
43. F208021 Retail Sale of Western Pharmaceutical.
44. F208040 Retail Sale of Cosmetics.
45. F208050 Retail Over-the-counter drugs class B.
46. H703100 Real Estate Leasing.
47. IZ99990 Other Industrial and Commercial Services. (Research and Development,

- Experimentation and Evaluation of Western Pharmaceutical, Traditional Chinese Medicine, and Complementary Food).
48. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3 The Corporation shall have its head office in New Taipei City, and may, pursuant to a resolution adopted at the meeting of the board of directors, establish branch offices domestically and internationally when deemed necessary.
- Article 4 For business purposes, the Corporation's total amount of investments is not subject to the limit of 40% of its paid-in capital as imposed by Article 13 of the Company Act.
- Article 5 The Corporation' is required to obtain external guarantees in respect of its business.
- Article 6 Public announcements of the Company shall be made pursuant to relevant Articles 28 of the Company Act.

Chapter 2 Capital Stock

- Article 7 The total capital of the Corporation shall be in the amount of two billion New Taiwan Dollars (NT\$2,000,000,000), divided into two hundred million (200,000,000) shares, with a par value of ten New Taiwan Dollars (NT\$10) each, and the board of directors is authorized to issue the shares in installments as necessary. In addition, NT\$100 million of the aforementioned capital stock was reserved for the issuance of employee stock warrants, totaling 10 million shares at NT\$10 per share, which may be issued in installments as resolved by the board of directors.
- Article 8 The Corporation's share certificate is registered, which is issued after being signed or sealed by a director representing the Corporation and attested in accordance with laws. The Corporation shall, upon issuance of new shares, print certificates for the total number of shares issued, and upon issuance of other marketable securities, provided that the Corporation shall consult with a securities depository for safekeeping, and the Corporation may issue shares without printing certificates, provided that the Corporation shall register them with a securities depository. The Corporation's handling of stock affairs is handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" approved and issued by the competent authority.
- Article 9 Changes in the register of shareholders shall be suspended within 60 days before the general shareholders' meeting, 30 days before an extraordinary shareholders' meeting, or within 5 days before the day on which dividends, bonuses or other benefits is scheduled to be paid by the Corporation.

Chapter 3 Shareholders Meeting

- Article 10 Shareholders' meetings are of two types: annual meeting and extraordinary meeting. Annual meetings shall be convened by the board of directors once a year in accordance with the law and shall be held within six months after the end of each fiscal year. Extraordinary meetings may be duly convened according to relevant laws whenever Aurora deems necessary.
- The shareholder' meeting shall be held by means of visual communication network or other methods promulgated by the central competent authority.

- Article 11 When shareholders cannot attend a shareholders' meeting for any reason, a letter of proxy issued by the Corporation specifying the scope of authority shall be issued to appoint a proxy to attend the meeting. 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. In respect to the method of shareholder proxy attendance, in addition to being in accordance with the Company Act, it is noted that it shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as promulgated by the competent authorities.
- Article 12 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is absent, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the directors shall select one person from among themselves to serve as the chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares pursuant to Paragraph 2 of Article 179 of the Company Act.
- Article 14 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 distribution of the preceding meeting minutes shall be conducted in accordance with Article 183 of the Company Act.

Chapter 4 Directors and the Audit Committee

- Article 15 The Corporation shall have five to seven directors for a term of three years, who shall be elected by the shareholders meeting from among the persons with disposing capacity, and shall be eligible for re-election. The election of directors shall be based on the candidate nomination system under Article 192-1 of the Company Act. The Corporation shall have at least three independent directors and not less than one-fifth of the total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority. The total registered shares owned by all directors are subject to Article 26 of the Securities and Exchange Act.
- The Corporation has established the Audit Committee in accordance with paragraph 2 of Article 14-4 of the Securities and Exchange Act and related laws and regulations.
- Article 16 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. The chairman of the board of directors shall externally represent the Corporation.

- Article 17 Unless otherwise provided for in the Company Act and related laws and regulations, 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. In the event that a director is unable to attend the board meeting, he/she shall appoint another director to attend a meeting of the board of directors in his/her behalf and issue a written proxy and state therein the scope of authority in accordance with the law, but only to the extent that he/she is appointed by one person. A director residing in a foreign country and who is unable to attend every board meeting in person, may appoint in writing a shareholder residing domestically as his/her proxy to attend the meetings of the board of directors on a regular basis. The appointment of the proxy the preceding paragraph, and any change thereto, shall be registered with the Ministry of Economic Affairs.
- Article 17-1 The Board of Directors authorizes the Chairman to exercise the powers and functions of the Board of Directors with the following authority:
- I. Approval of material contracts.
 - II. Approval of real estate mortgages and other loans.
 - III. Approval of the acquisition and disposition of general assets and properties of the Corporation.
 - IV. Designation of directors and supervisors of the investee company.
 - V. Other items in accordance with the Corporation's approval authority table, management regulations, systems and other related regulations.
- Article 17-2 The Corporation shall convene a meeting of the Board of Directors at any time in case of emergency and shall notify the Directors in writing, by e-mail or by facsimile.
- Article 18 The Chairperson shall be the Chair of the Board of Directors. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the proxy shall act in accordance with Article 208 of the Company Act.
- Article 19 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.
- Article 20 Matters relating to the resolutions of a board of directors 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 director within 20 days after the conclusion of the meeting.
- Article 21 The Board of Directors is authorized to determine the remuneration of all directors of the Corporation on an annual basis, regardless of profit or loss, with reference to industry standards. In case the Corporation has a surplus, the remuneration shall be distributed in accordance with Article 24.

Chapter 5 Managerial Personnel

- Article 22 The Corporation may appoint a President and Vice-Presidents, and their appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 23 The fiscal year of the Corporation begins on January 1 and ends on December 31. At the end of each fiscal year, the Board of Directors shall prepare the following statements, which shall be approved by the Audit Committee and resolved by the Board of Directors and submitted to the shareholders meeting for ratification.

I. Business Report II. Financial Statements III. Proposal for Distribution of Profits or Appropriation of Losses.

Article 24 The Corporation shall distribute not less than 1% of the profits for employees' compensation and shall distribute at a maximum 10% of the profit as remuneration to directors, provided that the Corporation's accumulated losses shall have been covered in advance.

Profit in the preceding paragraph refers to income before tax for the year before the distribution of employees' compensation and directors' remuneration.

The employees' compensation and directors' remuneration shall be distributed by a resolution of the board of directors with at least two-thirds of the directors attending and more than half of the directors attended, and reported to the shareholders meeting.

Employees' compensation shall be paid in the form of stock or cash.

If there is any profit in the Corporation's annual final accounts, it shall be distributed in the order of tax payments; offset accumulated losses in previous years; and then reserve 10% of the remaining amount as legal reserve. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Corporation's total paid-in capital. In addition, according to the Corporation's operational needs and the provisions of laws and regulations, when the allocation or reverse of special reserve is utilized, the board of directors will prepare a distribution proposal discussing the distribution of cash dividends from the remaining net profits and retained earnings in previous year. When remaining profits are issued in the form of new shares, they shall be distributed after approved by a resolution from the shareholder's meeting.

In accordance with paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorized to distribute dividends and bonuses or all or part of the legal reserve and capital surplus required by paragraph 1 of Article 241 of the Company Act in cash by a resolution of at least two-thirds of the directors attending and a majority of the directors attended, and to report such distribution to the shareholders meeting.

Article 24-1 The Corporation is in a period of business growth. The dividend distribution policy is based on the Corporation's current and future operating strategies, capital requirements and capital budget, taking into account the interests of shareholders, the balance of dividends and the Corporation's long-term financial planning. The Board of Directors shall prepare and submit the distribution plan to the shareholders meeting annually in accordance with the law. Cash dividends to shareholders shall be paid at a rate of at least 30% of the total dividends.

The distribution of earnings is prioritized based on the profit after tax of the current year. However, under the principle of stable dividends, undistributed earnings from previous years and capital surplus after taking into account legal restrictions shall also be distributed as a balanced dividend policy at the discretion of the

Corporation.

Chapter 7 Miscellaneous

Article 25 Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and relevant laws and regulations.

Article 26 These Articles were established on January 16, 1998.
The first amendment was made on February, 1998.
The second amendment was made on June 27, 2000.
The third amendment was made on May 14, 2001.
The fourth amendment was made on May 14, 2001.
The fifth amendment was made on June 27, 2002.
The sixth amendment was made on June 11, 2004.
The seventh amendment was made on June 10, 2005.
The eighth amendment was made on June 15, 2006.
The ninth amendment was made on February 8, 2007.
The tenth amendment was made on June 15, 2007.
The eleventh amendment was made on June 13, 2008.
The twelfth amendment was made on June 19, 2009.
The thirteenth amendment was made on June 17, 2010.
The fourteenth amendment was made on June 22, 2011.
The fifteenth amendment was made on June 15, 2012.
The sixteenth amendment was made on June 19, 2013.
The seventeenth amendment was made on June 16, 2016.
The eighteenth amendment was made on June 14, 2019.
The nineteenth amendment was made on June 11, 2020.
The twentieth amendment was made on June 16, 2022.

Kuen Chaang Uppertech Corp.

Measures for Election of Directors

1. Except as otherwise provided by law and regulation or by the Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
2. Unless otherwise provided in the Corporation's Articles of Incorporation, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
3. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
4. The number of directors will be as specified in the Corporation's articles of incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The shareholders shall elect the candidates from the candidate list of directors.
5. Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.
6. If the candidate is a shareholder, the candidate shall state the name of the candidate and the shareholder's account number on the ballot, and if he/she is not a shareholder, he/she shall state the name of the candidate and the ID number. However, if the government or a corporate shareholder is the candidate, the name of the corporation and the name of the representative of the corporation shall be included on the ballot.
7. A ballot is invalid under any of the following circumstances:
 - 7.1. The ballot was not prepared in accordance with this rule.
 - 7.2. A blank ballot is placed in the ballot box.
 - 7.3. The writing is unclear and indecipherable or has been altered.
 - 7.4. Where the candidate voted for is a shareholder of Aurora, such candidate's account name and shareholder account number filled in in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not a shareholder of Aurora, such candidate's name or ID number is verified to be incorrect.
 - 7.5. Any ballot with characters other than the candidate's name or shareholder account number, ID number and the allocated number of voting rights.
 - 7.6. The candidate's name written on the ballot coincides with another shareholder's name or natural person, but no information such as shareholder account number or ID number has been provided for identification.
 - 7.7. The number of persons elected exceeds the number of seats required to be elected.
 - 7.8. The same ballot is filled with two or more candidates.

8. Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:
 - (1) A spousal relationship.
 - (2) A familial relationship within the second degree of kinship.
9. The elected directors are given separate notices of election by the Corporation. If there is any doubt about the ballot paper, the inspector shall check whether it is invalid or not. The invalid ballot shall be placed separately, and after the vote counting is completed, the number of votes and the number of election rights shall be counted, and the inspector shall approve the invalidation and sign it.
10. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the election, including the list of persons elected as directors as well as the numbers of voting rights with which they were elected, shall be announced on site by the chair. 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 recording shall be retained until the conclusion of the litigation.
11. Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act, Articles of Incorporation and relevant laws and regulations.
12. The Rules shall be implemented after having been approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
13. These Procedures were made on June 15, 2007.
The revision was made on June 16, 2022.

【Appendix IV】

Kuen Chaang Uppertech Corp.

Shareholding of Directors

Book closure date: May 2, 2023

Title	Name	Date Elected	Number of Shares Held When Elected			Number of Shares Held Currently		
			Type	Number of Shares	% of Current Shares Issued	Type	Number of Shares	% of Current Shares Issued
Chairman	Jerry Corporation Ltd. Rep. Chang, Cheng-Wen	2022.06.16	Ordinary Shares	22,321,446	18.89%	Ordinary Shares	22,321,446	18.89%
Director	Wu, Tai-Ju	2022.06.16	Ordinary Shares	0	0.00%	Ordinary Shares	0	0.00%
Independent Director	Chen, Jun-Ho	2022.06.16	Ordinary Shares	0	0.00%	Ordinary Shares	0	0.00%
Independent Director	Chen, Chao-Liang	2022.06.16	Ordinary Shares	0	0.00%	Ordinary Shares	0	0.00%
Independent Director	Lee, Chin-Ting	2022.06.16	Ordinary Shares	0	0.00%	Ordinary Shares	0	0.00%
Total Shareholding of Directors			Ordinary Shares	22,321,446		Ordinary Shares	22,321,446	

Remark:

Number of issued ordinary shares of the Corporation: 118,172,151 Shares

Statutory shareholding of all directors: 8,000,000 shares, held as of May 2, 2023: 22,321,446 shares.

The number of shares held by all directors of the Corporation has reached the statutory threshold.

◎ Shares held by independent directors are excluded from the number of shares held by directors

◎ The Company has an audit committee, thus the regulations regarding the required shareholding of inspectors are not applicable.

Thank you for attending the
shareholders meeting!

We welcome your comments and
suggestions at any time!