

# Table of Contents

## **Page No.**

<b>I. Procedure for the 2024 Annual Meeting of Shareholders</b>	-2-
<b>II. 2024 Annual Meeting of Shareholders Agenda</b>	-3-
i. Management Presentations (Reports on Company Affairs)	-5-
ii. Matters for Acknowledgments	-9-
iii. Matters for Discussion	-12-
iv. Elections	-13-
v. Other Proposals	-16-
vi. Questions and Motions	-20-
vii. Adjournment	-20-
 <b>III. Attachment</b>	
i. 2023 Business report	-21-
ii. Report by Audit Committee on review of the Company's 2023 financial statements	-33-
iii. Independent Auditor's Report and 2023 Financial Statements and Consolidated Financial Statements	-34-
iv. Report on the Code of Practice for Sustainable Development	-53-
 <b>IV. Appendix</b>	
i. Corporate Charter (before amendment)	-57-
ii. Rules of Procedure for the Shareholders' Meeting	-65-
iii. Rules for Elections of Directors	-69-
iv. Status of Holdings of Directors	-72-

# L&K Engineering Co., Ltd.

## Procedure for the 2024 Annual Meeting of Shareholders

- i. Meeting called to order (announce respective number of shares held by shareholders present)
- ii. Chairperson Remarks
- iii. Management Presentations (Reports on Company Affairs)
- iv. Matters for Acknowledgments
- v. Matters for Discussion
- vi. Elections
- vii. Other Proposals
- viii. Questions and Motions
- ix. Adjournment

# L&K Engineering Co., Ltd.

## Agenda of the 2024 Annual Meeting of Shareholders

- i. Time: 09:00AM, Wednesday, June 26, 2024

Venue: No. 9, Ren'ai Road, Township Hukou Township Industrial Park,  
Hsinchu County, Hsinchu County (L&K Employee Canteen)

Convening Method: Physical Shareholder Meeting

- ii. Chairperson's opening remarks
- iii. Management Presentations (Reports on Company Affairs)
  - 1. The Company's 2023 business report
  - 2. Report by Audit Committee on review of the Company's 2023 financial statements
  - 3. Report on L&K's 2023 distribution of remuneration to employees and directors
  - 4. Report on the Company's Fourth Domestic Unsecured Convertible Bond Issue
  - 5. Other Management Presentations
- iv. Matters for Acknowledgments
  - 1. The Company's 2023 business report, financial statements, and consolidated financial statements
  - 2. The Company's 2023 proposal for distribution of earnings
- v. Matters for Discussion
  - 1. Partial amendment to the Company's "Company's Articles of Association"
- vi. Elections
  - 1. The Company's election of directors and independent directors
- vii. Other Proposals
  - 1. The removal of non-compete clause for the Company's newly elected directors
- viii. Questions and Motions

ix. Adjournment

# Management Presentations

- i. The Company's 2023 business report  
Explanation:
  - 1. Please see Attachment 1 on Pages 21-32 of this Manual for the business report.
  - 2. Submitted for review.
- ii. Report by Audit Committee on review of the Company's 2023 financial statements  
Explanation:
  - 1. Please see Attachment 2 on Page 33 of this Manual for the Audit Committees' Review Report.
  - 2. Submitted for review.
- iii. Report on L&K's 2023 distribution of remuneration to employees and directors  
Explanation:
  - 1. This report has been reviewed and approved by the Remuneration Committee on 2024/03/13 and presented in accordance with law to the Board of Directors for discussion.
  - 2. Article 32 of the Articles of Incorporation states that in the event the Company makes a profit during the fiscal year it shall set aside three to five percent of the profits for employee remuneration, which may be distributed as cash or shares, and the remuneration for directors shall be no higher than three percent.
  - 3. The total amount to be distributed as employee and director remunerations for 2023 was as follows:
    - (1) Director remuneration: NT\$76,584,684
    - (2) Employee remuneration: NT\$153,169,368
    - (3) The aforementioned amounts are to be distributed in cash.
  - 4. Submitted for review.

**iv. Report on the Company's Fourth Domestic Unsecured Convertible Bond Issue**

Explanation:

1. In order to replenish operating capital, the Company intends to issue its fourth domestic unsecured convertible bonds, which have been declared effective by the Financial Supervisory Commission R.O.C. (Taiwan) in letter Jin-Guan-Zheng-Fa-Zi No. 11203653051 dated January 2, 2024. Please refer to the table below for details on the bond issue.

Corporate Bond Type	The fourth domestic unsecured convertible bond
Issue/Processing Date	January 25, 2024
Denomination	NT\$100,000 per unit (consisting of 1,000 shares)
Issuing and Trading Location (Note 3)	N/A
Issue Price	Issued at 100% of par value
Amount	500,000,000
Interest Rate	Coupon (annual interest rate) at 0%
Tenor	3 years; maturity date: January 25, 2027
Guarantor	N/A
Trustee	Hua Nan Commercial Bank Ltd.
Underwriter	President Securities Corporation
Certifying Lawyer	N/A
CPA	N/A
Repayment Method	In accordance with Article 6 of the Procedure for Issuing and Converting the Fourth Unsecured Convertible Bonds in 2024, as formulated by the Company, the bond's par value will be made in a bullet repayment in cash at maturity, except under the following circumstances: bondholders convert their corporate bonds into the Company's common stock under Article 10 thereof, exercise the right of resale under Article 18 thereof, the Company redeems the bonds early under Article 17 thereof, or the Company repurchases and cancels the bonds from the Taipei Exchange (TPEX).
Outstanding Principal	429,100,000
Redemption or Early Repayment Clause	Please refer to the Procedure for Issuing and Converting the Fourth Domestic Unsecured Convertible Bonds in 2024, as formulated by the Company
Restrictions	Please refer to the aforementioned procedure for bond issuance and conversion for details
Credit Rating Agency Name, Rating Date, and Corporate Bond Rating Results	N/A

Other Rights of Bondholders	Amount of Converted, Exchanged, or Subscribed Common Shares, GDRs, or Other Securities as of the Date of Annual Report Publication	After the issuance of the corporate bonds, the cumulative amount of conversion rights exercised as of the annual report's publication date is NT\$70,900,000
	Issuance and Conversion (Exchange or Stock Subscription) Procedure	Please refer to the Procedure for Issuing and Converting the Fourth Domestic Unsecured Convertible Bonds in 2024, as formulated by the Company
Issuance and Conversion, Exchange, or Subscription Procedures, Possibility of Dilution of Equity under the Terms and Conditions of Issuance, and Effect on Existing Shareholders' Equity		Under the current conversion price, if all outstanding corporate bonds are fully converted into common shares, the Company would need to issue an additional 2,507,890 common shares, which would result in a capital-based growth rate of 1.08%. The impact on the existing shareholders' equity would be minimal.
Custodian's Name		N/A

2. Submitted for review.

## v. Other Management Presentations

1. Please see the following table for investments made in mainland China by the Company and subsidiaries:

Unit: NT\$ 1,000

Mainland Chinese Investee	Investment at the end of 2022		Investment at the end of 2023		Investment gains (losses) recognized in 2023
	Carrying Amount	Consolidated Stake	Carrying Amount	Consolidated Stake	
L&K Engineering (Suzhou) Co., Ltd.	2,861,814	53.99%	3,450,134	53.99%	764,124
Suzhou Xiang Sheng Trade Company Ltd.	86,334	53.99%	83,711	53.99%	(1,047)
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	17,139	53.99%	17,026	53.99%	203
RSEA Construction Engineering (Chongqing) Co., Ltd.	306,843	53.99%	282,590	53.99%	(18,792)
Sunshine (China) Inc.	900,053	51.71%	852,490	51.71%	(31,326)
Sunshine Investment Co., Ltd.	915,074	51.71%	877,796	51.71%	(20,666)

Note 1: The company's subsidiary, Zunwei Co., Ltd., passed a resolution on June 15, 2022 to handle the debt-for-stock capital increase project. The capital increase was US\$14,387,000, with a total of 14,387,000 shares. The change was completed on June 15, 2022. register. The company did not subscribe according to the shareholding ratio, and the shareholding ratio was changed from 52.14% to 51.71% .



# Matters for Acknowledgments

Item 1: (proposed by the Board of Directors)

Proposal: The acknowledgement of the Company's 2023 business report, financial statements, and consolidated financial statements.

Explanation:

1. The company's 2023 annual business report, consolidated financial statements and individual financial statements have been reviewed and approved by the Audit Committee on March 13, 2024.
2. The CPAs Tseng-Kuo Huang and Jung-Hua Chen of L.H. Chen & Co. have audited the individual and consolidated financial statements and have issued an audit report.
3. Please see Attachment 1 on Pages 21-32 and Attachment 3 on Pages 34-52 of this Manual for the 2023 business report, Independent Auditor's Report, and financial statements.

Resolution:

Item 2: (proposed by the Board of Directors)

Proposal: Acknowledgment of the Company's 2023 proposal for distribution of earnings.

Explanation:

1. The Company has established the 2023 proposal for distribution of earnings in accordance with the Company Act and Articles of Incorporation. Please see the table as below:

L&K Engineering Co., Ltd.  
2023 Earnings Distribution Table

Unit: NTD\$

Opening undistributed earnings		1,471,212,463
Plus: Net profit after tax for the current period (audited amount)		2,888,819,944
Plus: Net actuarial gains (losses) of Defined Benefit Plans		128,446,591
Subtract: Other comprehensive income - income tax		(2,048,135)
Subtract: Changes in equity of subsidiaries		409,627
Distributable earnings		4,486,840,490
Distributable items:		
1. Legal reserves (10% of net income after taxes)	(288,881,994)	
1-1 Legal reserves (10% of actuarial loss or gain)	163,851	
2. Dividend to shareholders(Including a acurrent Increase of 7,000Thousand Shares)	(2,092,868,361)	
- Cash dividend at NT\$9		
Closing undistributed earnings		2,105,253,986

Note 1: The cash dividend proposed for this earnings distribution case is NTD 2,092,868,361. According to the number of shares issued and outstanding on March 13, 2024, 232,540,929 shares(Including the 7,000,000 shares added on the base date of cash capital increase and issuance of new shares on March 13, 2024) Calculate the allotment cash dividends of NTD 9 per share. If the shareholders' earnings per share in the current earnings distribution proposal are affected as a result of conversion of convertible corporate bonds into ordinary shares, buyback of the Company's stocks, assignment or cancelation of treasury stock, adjustments are to be made by the Board of Directors following the shareholders' meeting. The authorized chairperson shall have full authority to make the actual number of shares in circulation on the ex-dividend base date is used to adjust the dividend payout ratio and report to the Board of Directors.

Note 2: The ex dividend date shall be determined by the Board of Directors after approval at the shareholders' meeting.

Note 3: The current cash dividend shall be calculated to the nearest dollar, with amounts of less than one dollar rounded down, according to the ownership percentage of shareholders in the shareholder registry as of the baseline date for dividend distribution. The distribution of the sum of fractions of less than one dollar shall be recognized as Other Income of the Company.

Chairman:	Manager:	Accounting Supervisor:
Chu-Shiang Yao	Hsiao-Ling Chiang	Ya-lin Chan

2. This matter has been resolved and approved by the Audit Committee on 2024/03/13.

Resolution:

# Matters for Discussion

Item 1: (proposed by the Board of Directors)

Proposal : Partial amendment to the Company's " Company's Articles of Association " are proposed for discussion °

Explanation:

1. In response to the future development of the company, it is planned to add two new business projects: "H701010" residential and building development rental and sales industry, and "H701080" urban renewal and reconstruction industry.
2. Please refer to Appendix 4 on pages 53-56 and Appendix 1 on pages 57-64 of this manual for the comparison table of the revised articles of the company's articles of association and the original articles of association °
3. This matter has been resolved and approved by the Board of Directors on 2024/03/13

Resolution:

# Elections

Item 1: (proposed by the Board of Directors)

Proposal: The Company's election of directors and independent directors.

Explanation:

1. The term of office of the Company's existing directors will end on 2024/08/08. In accordance with the provisions of the company law and the company's articles of association, a comprehensive re-election of directors will be carried out at this regular shareholders' meeting.
2. According to Articles of Incorporation, the Company shall have seven to eleven directors. The current election shall elect eight directors (including three independent directors), all of whom shall assume office immediately after the shareholders' meeting. The term of office shall be three years, and the term of office of the newly elected directors shall commence on 2024/06/26 and end on 2027/06/25.
3. The candidate nomination system is adopted in the current election of directors. The shareholders at the shareholders' meeting shall elect directors and independent directors from among the nominees listed in the roster of director candidates.
4. The list of nominated directors has been reviewed and approved by the Board of Directors on 2024/03/13.

The director candidates are listed below:

Name	Shareholdings	Type of Nominated Person	Main Education (Experience)	Has/has not served as independent director for three consecutive terms/reasons
Shen Shen Investment Co., Ltd. Representative: Chu-Shiang Yao	24,447,835	Director	Department of Mechanical Engineering, Hsinpu Institute of Technology Founder of L&K Engineering Co., Ltd.	N/A
White Young Investment Co., Ltd. Representative: Chih-Hsun Yao	14,097,244	Director	Department of Energy and Refrigerating Air-conditioning Engineering, National Taipei University of Technology Manager, Project Division of L&K Engineering Co.,	N/A

			Ltd.	
XunHuei Investment Co.,Ltd. Representative: Chung-Cheng Lo	11,503,464	Director	<p>Department of Electrical Engineering, Hsinpu Institute of Technology</p> <p>Law Department, Fu Jen Catholic University</p> <p>Chief, New Construction Office, Public Works Department, Taipei City Government</p> <p>Secretary, Maintenance Office, Public Works Department, Taipei City Government</p> <p>Officer, Secretary, Public Construction Commission of Executive Yuan</p> <p>Division Chief and Senior Executive Officer, Coast Guard Administration, Executive Yuan</p> <p>Person in Charge of Chung &amp; Yi Law Firm</p>	N/A
Wei Ze Investment Co.,Ltd. Representative: Bor-Jen Chen	9,053,483	Director	<p>Department of Business Administration, University of Leicester</p> <p>CEO &amp; President, Tung Kai Technology Engineering Co., Ltd.</p> <p>Vice Chairman, L&amp;K Engineering Co., Ltd.</p> <p>L&amp;K Engineering (Suzhou) Co., Ltd.</p> <p>Chairman, Vice Chairman, President, Director</p>	N/A
Tze Hung Wang	1,906,048	Director	Department of Public Relations, Shih Hsin University	N/A

			Vice President, TransAsia Airways	
Chin-Jyy Shiao	0	Director	Rsea Engineering Co., Ltd.  China Steel Structure Co., Ltd.  Orxone Environmental Technologh Co., Ltd.  Fujian xhongrong concrete company.	N/A
Chien-Jan Lee	0	Independent Director	Master, Accounting, National Chengchi University.  PhD, Accounting, National Chengchi University.  Professor, Department of Accountancy, National Taipei University.  Director, Department of Accountancy, National Taipei University.  Chairman, Accounting Education Foundation.  Member, Auditing Standards Committee.  Member, Listing Review Committee.  Director, The Audit Bureau of Certification.  Editor, Journal of Contemporary Accounting  Editor, Soochow Journal of Accounting.  Independent Director, Voltronic Power	No

			Technology Corp.  Independent Director, Copartner Tech Corp.  Independent Director, Potens Semiconductor Corp.	
Tung-Hao Ho	0	Independent Director	Bachelor of Laws, College of Law, National Chengchi University  Master of Laws, College of Law, National Chengchi University  Doctor of Laws, College of Law, National Chengchi University  Associate Professor, Aletheia University, Nanhua University, Taipei Medical University, Taipei City University of Science and Technology, National Taipei University of Nursing and Health Sciences, China University of Technology  3rd and 4th Member, NICI Private Advisory Committee, Executive Yuan Director,  Legislator's Research Office President, TWN Mcommerce& Technology Co., Ltd.  vice principal ,ST. John's University	No
Cho-Lan Peng	0	Independent Director	U.of Missouri,Columbia, Bachelor  Baruch College,The City University of New York, EMSF	No



			Vice President, ProMOS Technologies President, Yude Technology (Chongqing) Ltd. Company Vice President, Potens Semiconductor Corp.	
--	--	--	--	--

5. Submitted for election.

Voting Results:

## Other Proposals

Item 1: (proposed by the Board of Directors)

Proposal: Discussion on the removal of non-compete clause for the Company's newly elected directors.

Explanation:

1. In accordance with Article 209 of the Company Act, which stipulates that “directors should brief actions they are going to take within the scope of the company's business operation for themselves or for others in the shareholders' meetings and obtain permission.”
2. If, following reelection, the Company's new directors engage in the investment or operation of a business entity whose scope of business is similar to that of the Company and acts as a director or manager thereof, a proposal is hereby submitted at the 2024 shareholders' meeting to approve the removal of non-compete clauses for newly elected directors and their representatives, provided that such removal will not infringe upon the interests of the Company.
3. Please see the following table for the concurrent positions held by the Company's director candidates at other companies:

Name	Concurrent Positions Held at Other Companies
ShenShen Investment Co.,Ltd. Representative: Chu-Shiang Yao	Chairman, RSEA Engineering Corporation Chairman, L&K Engineering (Suzhou) Co., Ltd. Director, Unique Grand Limited Director, L&K Engineering Vietnam Co., Ltd. Person in charge of L&K BVI Chairman, L&K Engineering Company Limited Person in charge of Suzhou Yali consulting and Managent Co.,Ltd. Chairman, Suzhou Xiang Sheng Trade Company Ltd.

White Young Investment Co., Ltd. Representative: Chih-Hsun Yao	Director, RSEA Engineering Corporation Director, Shen Huei Investment Co., Ltd. Director, Wei Ze Investment Co., Ltd. Director, Unique Grand Limited Person in charge of Yunze Investment Co., Ltd. Director, ShenShen Investment Director, Cica-Huntek Chemical Technology Taiwan Co., Ltd.
Director/ Chin-Jyy Shiao	CEO, Rsea Engineering Co., Ltd.
Independent Director/ Chien-Jan Lee	Independent Director, Voltronic Power Technology Corp. Independent Director, Potens Semiconductor Corp.
Independent Director/ Tung-Hao Ho	Director & President, TWN Mcommerce& Technology Co., Ltd.
Independent Director/ Cho-Lan Peng	Vice President of Finance and Administration, Potens Semiconductor Corp.

Resolution:

# **Questions and Motions**

## **Adjournment**

## Attachment 1

### **Business Report**

#### **I. 2023 Business Report**

Looking back on 2023, geopolitical factors such as the Russia-Ukraine war and the Israel-Hamas conflict have disrupted the supply of commodities. The real estate crisis and rising household debt in China have led to sluggish private consumer confidence. The trade and high-tech competition between the United States and China continues, which has served as a catalyst for changes in the global production supply chain model, the advancement of economic de-globalization, and a move toward regional fragmentation and short-chain development. Although inflation rates in major countries have eased, the deferred effects of tightening monetary policies are gradually emerging. The global economy has taken a hit from sluggish end-market demand and industrial inventory adjustments, resulting in weak economic growth. Turning the focus back to Taiwan, despite the fact that private consumption remains fairly stable, commodity exports are weak, and the willingness of private enterprises to invest is subdued. However, business opportunities for high-tech applications, such as high-speed computing and artificial intelligence, are booming. With the expansion of emerging technologies and the destocking of supply chains, the export momentum of principal commodities is expected to gradually pick up.

Contrasted with the weak overall domestic economic growth over the past year, the continuous evolution and innovation in information and communications technology, as well as consumer electronics, have driven technology giants, including those in the semiconductor industry and related supply chains, to continue expanding their investments. In addition, the government's investment in public construction has also continued to grow. Therefore, the operations of L&K Group's cleanroom M&E projects and civil engineering business have not been significantly affected by the overall economic weakness. In response to changes in the overall economic climate, the Company has made timely adjustments to its business strategies after an in-depth review of both subjective and objective conditions. In addition to continuing operations in familiar markets, we have expanded our efforts into niche markets with long-term development potential. We have also actively improved our management and services across various projects in industries including semiconductors, biotech, and pharmaceuticals, as well as in fields including energy, rail engineering, railways, highways, airports, commercial buildings, and zone expropriation. By deepening the integration of engineering services across all fields and industries, including construction and M&E engineering, we aim to enhance the company's competitiveness through our comprehensive management capabilities in professional integration and high-value-added engineering services. Owing to the successful implementation of the aforementioned business strategies, the Company's performance and profits have both experienced notable growth over the past year. The consolidated operating revenues for the year reached NT\$56,905,000,000, and the after-tax earnings per share soared to NT\$12.81, achieving a record high in recent years.

#### **II. 2024 Business Plan**

Looking forward to 2024, the overall environment remains fraught with many uncertainties.

These include the trade war between the United States and mainland China, which has escalated into comprehensive competition, the trends in monetary policies of major economies, which are causing fluctuations in global financial markets, and the impact of geopolitical risks on the supply and prices of energy and raw materials, coupled with climate change and other factors. These uncertainties could linger and impact the pace of global economic development and recovery. However, we still have reasons to remain optimistic, with the high-tech industry continuing to grow through innovations in technology and applications, including areas such as electric vehicles, autonomous driving, new energy development and storage systems, robotics, drones, the Internet of Things (IoT), big data, artificial intelligence (AI), cloud services, 5G/6G communications, and precision medicine. Future society will continue to advance the development of smart living, smart manufacturing, and smart cities, driving innovation in products and service models. This trend will also continue to expand the demand for plant construction, expansion, and other engineering services across fields such as semiconductor wafer foundries, memory, testing and packaging, display panels, and the biotech and pharmaceutical industries. Therefore, despite some lingering risks in the overall economy, L&K Group's business is still expected to achieve steady growth.

Taiwan's economy is heavily reliant on the economic and trade growth of the United States and China; therefore, it is impossible for us to shy away the fluctuations resulting from the global political and economic conflicts. Facing an ever-changing market, the management team must adopt a more macro and innovative mindset and practices. Beyond transitioning from a purely product, professionalism, and price-oriented platform to a diverse value-oriented platform that aims to establish an all-field engineering technology platform for all-around engineering services, the team must also lead all employees toward innovative engineering services and improvements in enterprise value. Upholding the enterprise spirit of striving for perfection, L&K aims to create competitive advantages by increasing the added value of products and services. To achieve this, we are committed to strengthening employee training for professional skills, optimizing product design and construction methods, integrating supply chain management, and reducing costs. In terms of market strategy, it will actively participate in urban renewal projects, branch out into land development and green energy construction, expand its operations and presence in global markets, and capitalize on the opportunities brought by smart development and the reorganization of global supply chains.

Leveraging expertise complementation and resource integration, L&K and RSEA manage to effectively develop potential business opportunities by providing comprehensive services. The successful operations in recent years serve as testament to this cooperative model. The synergy between the two companies has enhanced our turnkey capacity to undertake construction, M&E, and equipment projects, expanded the scope of the group's engineering services, and also enabled us to achieve our strategic goals: diversifying and branching out into projects across various industries and markets.

On the other hand, L&K Engineering was listed on the Shanghai stock exchange as A shares in 2016 and accordingly, we will continue to open our market economy, strategically develop the

R&D and production capacities of high-tech industries, and subsequently boost the stable growth of China's general economy. Looking to the long run, the performance of L&K Engineering will benefit from this development trend.

In conclusion, we are optimistic that, bolstered by the continued growth of mainstream industries and the strong ability of the business in which the company engages to withstand overall economic risks, along with the collaborative efforts of its professional team and partners, L&K's business will remain stable and grow in the foreseeable future.

In recent years, against the backdrop of severe challenges posed by global climate change and increasing carbon reduction requirements by international industrial supply chains, the United Nations' Sustainable Development Goals (SDGs) have emerged as a trend. Under the framework of the Paris Agreement, industries worldwide have reviewed their response to climate change, actively engaging in efforts surrounding areas such as mitigation, adaptation, technologies, funding, capacity building, and transparency. Additionally, these industries have set a target to achieve net-zero greenhouse gas emissions by 2050. In order to strike a balance between syncing with international standards and meeting the needs of sustainable development, and to adapt to the toll of global climate change and build a resilient system, L&K Group has developed a deep understanding of the high correlation between the development of the engineering industry and climate change. Facing a future with more regulatory controls such as the introduction of carbon pricing and the implementation of carbon taxes internationally, L&K Group has actively strengthened and established a sustainable development organization to assess the risks and opportunities of corporate operations through the Global Reporting Initiative (GRI) Standards, the Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB) Standards. Additionally, L&K Group is actively engaging in R&D in green technologies and investing in green projects. Considering the nature of projects across each category and the comprehensive life cycle, we have identified material indicators and topics based on stakeholders and their impact on the organization. We have devised strategies and management policies for energy conservation and carbon reduction, which we regularly track, review, and improve. In addition, we will ramp up our efforts in training within the company and foster long-term cooperation between industry and academia. By taking concrete actions, we aim to accelerate talent cultivation, improve quality, and fulfill our corporate social responsibilities. All these actions have repeatedly demonstrated that L&K not only practices ESG principles but also motivates our supply chain partners to work with us towards the sustainable goal of a net-zero transition.

We would like to express gratitude to all of our clients and shareholders for your long-term trust and continuous support. Without your encouragement, we would not have the motivation to continue to improve. We would also like to extend our sincerest appreciation to our suppliers and manufacturers who have continued to support us over the years; because of you, we have managed to build a more complete service platform. We are also very grateful for the contribution and dedication of our employees who are not only key members of L&K's highly productive teams but also active contributors to L&K's noble value and honor. Looking to the new year ahead, we hope to steadfastly advance toward the goals of opening up new niche markets and achieving sustainable operations, thereby helping L&K to create a new outlook and forge a better future.

Best regards,

Chairman: Chu-Shiang Yao

President: Hsiao-Ling Chiang



(I) Implementation of the 2023 business plan

Business changes in 2023

Unit: NT\$ 1,000

Item	2023	2022	Difference	%
Operating revenue	56,904,659	35,738,886	21,165,773	59.22%
Operating costs	51,748,425	33,001,985	18,746,440	56.80%
Gross profit	5,156,234	2,736,901	2,419,333	88.40%
Operating expenses	1,142,919	1,119,722	23,197	2.07%
Net operating income	4,013,315	1,617,179	2,396,136	148.17%
Non-operating income and expenses	523,982	86,817	437,165	503.55%
Income before income tax	4,537,297	1,703,996	2,833,301	166.27%
Income tax expense	993,956	419,973	573,983	136.67%
Net income	3,543,341	1,284,023	2,259,318	175.96%
Earnings per share	12.81	4.43	8.38	189.16%

(II) 2023 Budget Implementation: N/A. The Company did not release any financial forecast in 2023.

(III) Analysis of financial gains and losses and profitability for 2023

Item of Analysis			Financial Analysis	
			2023	2022
Financial Structure (%)	Debt to asset ratio		71.37	73.86
	Long-term fund to fixed assets		2,106.62	1,739.90
Profitability	Return on total assets (%)		6.69	3.28
	Return on equity (%)		24.94	10.61
	Paid-in capital ratio	Net operating income (%)	177.94	71.70
		Income before income tax (%)	201.17	75.55
	Net margin (%)		6.23	3.59
	Earnings per share		12.81	4.43

(IV) R&D Overview

The Group employs technicians and R&D personnel to keep abreast of and integrate the technologies and experiences of other countries, introduce and improve technologies and innovative methods, restructure engineering material equipment for better performance, and work together with academic scholars and research institutes in Taiwan to conduct research projects and analytical plans.

Most recent R&D results:

Year	R&D Results
2023	<p>※ <b>The establishment of micro-chemical analysis laboratory:</b> Completed developing the abilities to apply scanning electron microscope and gas chromatography–mass spectrometry, and applied them in real-life practice. Gas chromatography-mass spectrometry laboratory has passed the national accreditation laboratory for qualification assessment in China.</p> <p>※ <b>The development of modular construction technology:</b> By using a handheld scanner to scan 3D models of valves, pipe fittings, equipment, and other components, a real standard module for pipe fitting construction is established, then entered into a database, imported into a Revit model, and ultimately directly used in the project model.</p> <p>※ <b>The development of Micro-Vibration Online Monitoring Technology:</b> Through online monitoring of mechanical equipment vibration, it is possible to predict in advance whether there are any abnormalities in the mechanical equipment. Early warning of equipment abnormalities has been made, as well as online analysis of vibration data. Currently under continuous development.</p> <p>※ <b>Application and development of the gas pollution release characteristics of the primary and middle filter:</b> Collected the Contaminated filters that were replaced at the project site, completed the air release test of the filter and data collection, and established the air release database of the filter..</p>

## Overview of 2024 Business Plan

L&K represents a technical service platform integrating professional engineering systems and the differentiated needs of various industries. Drawing on our overall expertise in technical services and supply chain integration, we have gained the recognition and trust of our clients through excellence in management and years of experience in project implementation, which ranges from planning, designing, procurement, construction, installation, system integration/testing/adjustment, to operation servicing and maintenance in the following aspects: semiconductor and display industrial cleanrooms, biotech and healthcare industrial laboratories, biochemical pharmaceutical industrial cleanrooms, and various systems required for

the projects of all types of buildings, manufacturing plants, and infrastructures, including civil, construction, plumbing, electrical, HVAC, fire prevention, light-current, instrument control, and process equipment.

In 2023, the effects of the sharp tightening of monetary policies by major European and American economies in response to inflation have become apparent. This has led to slower economic growth, sluggish demand in the end markets, and the manufacturing industry continuing to prioritize destocking. These effects further extend to shrinking trade momentum and postponed investment willingness. Meanwhile, the United States and China have intensified their political, economic and trade competition, and geopolitical conflicts continue to escalate. The Friend-Shoring strategy has continuously driven changes in the reorganization of global supply chains and the relocation of production bases. The Chinese economy, once the engine of global economic growth, is now caught in a whirlpool of slowing fixed asset investment, a sharp decline in the construction and real estate industries, and unrelenting negative reports on economic growth. Domestically, although the government and public utilities continue to promote public construction investment, the global economic outlook is still overshadowed by uncertainties. Manufacturing inventory adjustments have been slower than expected, and, when coupled with changes in the supply chain amidst competition between the United States and China, these factors are collectively suppressing corporate investment momentum. Regarding foreign trade, the end-market demand for goods has weakened, and global trade growth is slowing. The annual growth rate for imported and exported goods, whether in the information electronics sector or traditional industries, has generally declined. The expected full-year growth rate remains less than optimistic.

Looking ahead to 2024, the overall economic environment, inflation rates, stability of global financial markets, and geopolitical conflicts all continue to be riddled with uncertainties. However, it is expected that the destocking of global inventories for smartphones and personal computers will continue until the end of the fourth quarter of 2023. Additionally, the advancement in artificial intelligence-related chips is expected to spur investment demand for high-performance GPUs and the optimization of semiconductor equipment. As a result, Taiwan's high-tech industry is anticipated to be among the first to benefit from the next surge in demand.

L&K will continue all the hard work we have put in in recent years. Apart from continuously improving high-tech industrial plant constructions and equipment and

actively developing M&E engineering services for commercial buildings, we will also leverage opportunities available in a capital market and carefully choose who we work with to facilitate vertical and horizontal integration for market diversification. We will continuously seek innovation, never settle, and strive for perfection in technology expertise and business operations. In the team organization, we are committed to adjusting and strengthening the division of labor, leveraging advantages in our internal structure. We will adopt differentiated market strategies, target market segments that are different from our competitors, and seek a unique and competitive business model and market positioning. At present, the group has branched out beyond its familiar M&E projects in semiconductors, display panels, and the biotech and pharmaceutical industries. It now also dabbles in a variety of projects, including road, bridge, and water conservancy infrastructure, airport developments, urban railway three-dimensionalization, metropolitan rapid transit networks, landmark commercial building constructions, world-class stage lighting and sound equipment, comprehensive land development, urban renewal, and the reconstruction of unsafe and outdated buildings. Additionally, in response to the continuous growth of public construction projects, the existing capital of subsidiary RSEA has shown insufficient for bidding on multiple projects. To compete for more profitable opportunities and enhance performance, RSEA has successively conducted follow-on public offerings (FPOs). With long-term development goals in mind, the issuance of new shares is intended to expand market presence and achieve greater economies of scale. Moreover, the company plans to leverage the group's specialized expertise to optimize labor division and mitigate potential risks in domestic market operations, aiming to achieve operating results characterized by diversified and comprehensive benefits through cross-industry integration. This strategy of making changes and adjustments to the harsh and challenging conditions is precisely the core competitiveness supporting the steady development, overall operation, and sustainable management of L&K Engineering.

#### (I) Operating Policy

1. Focus on managing the company's core competencies in various services, develop professional skills and managerial capability, promote a knowledge-based economy, and design an engineering service platform that features our professional strengths and effective division of labor.
2. Enhance internal organization, strengthen the group's vertical and horizontal cooperation, and increase our flexibility in different market operations.
3. Utilize group resources to develop opportunities for technical service integration with different industries, leverage different niche advantages, create differentiated

service value, and increase the company's competitive advantage in different markets.

## (II) Projected Sales Volume and Basis

In the future, high-tech industries around the world will continue to evolve and grow. L&K will adapt to changes in the international economic situations while staying attuned to business opportunities in cross-strait development. In addition to our strength in the division of professional labor, L&K has established a strong capital market foundation in mainland China. On the one hand, the strategic funds from mainland China will be steadily invested in the development of high-tech industries. On the other hand, the global supply chain will undergo regional restructuring in response to U.S.-China trade frictions, consequently prompting more relocation of fixed asset investments in the supply chain and an increase in overseas Taiwanese businesses moving their production base back to Taiwan. The Taiwan government will keep increasing investments in public constructions to boost the country's economy. The cross-strait business opportunities created by this trend merit our continuous commitment and engagement. Therefore, despite the concerns of economic uncertainty, we expect that our business performance in 2024 will continue to grow, moderately and steadily. As this trend develops further, we can extend our presence further in the international market by making use of the opportunities created by stock listing resources in Taiwan and China.

## (III) Important Production and Sales Policies

Amid the rapid evolution of high-tech industries and the trends in political and economic competition between the United States and China, the Company's operations will gradually shift from focusing on semiconductors, displays, biotech and pharmaceuticals, and commercial buildings to developing diverse platforms for technological integration, division of labor, and industries. We will therefore remain attuned to and participate in the following market trends that can increase the momentum in our future operations:

1. Global response to future developments has constantly increased the demand for energy consumption, consequently leading to climate change and global warming. Countries across the globe have whipped themselves into a frenzy of energy-saving and waste-reducing activities, which highlights the urgent need to save energy and use cleaner and renewable energy sources. In Taiwan, energy is largely imported. With no effective alternatives in sight and the whole world is introducing a series of strategies to mitigate climate warming effects and develop clean and renewable energy sources, the Taiwanese government, legislative

agencies, and energy authorities have formed a policy trend, actively establishing relevant laws and policies to create a positive environment and business opportunities for clean and renewable energy industries and projects.

2. The innovation of information communication industries is driving the world toward developing all things related to the Internet of Things, artificial intelligence, Industry 4.0, robots, electric vehicles, smart manufacturing, and smart living. Eventually, these applications will converge and create a smart city trend. According to the United Nation, the global urban population will continue to increase considerably. Because resources are limited, urban areas must be developed into a smart city in order to steer us toward the goal of sustainable development. The opportunities created by smart technologies will transform industrial production, commercial operations, and the lifestyle of individuals and families, thereby promoting the continuous change and growth of the entire industry and the supply chains involved.
3. As the global population continues to grow, it is also aging, which increases the healthcare demands of developed countries and emerging market economies. In recent years, biotechnologies have continued to make cutting-edge advances, subsequently expediting the development of biotech and healthcare related industries in the aspects of disease treatment, preventive medicine, home-based long-term care, individual medical health care, and medical reform. The Taiwan government also plans to take advantage of this trend and facilitate the development of pharmaceutical industries, medical equipment industries, and applied biotech industries into cross-generational mainstream industries.
4. Taiwan is about to become a super-aged society by 2025. As the population ages, many of the old houses across the country are over 30 years old and in need of urban renewal. Statistics show that a staggering 4.62 million houses in Taiwan are over 30 years old. In Taipei City alone, as many as 72% of the residential buildings exceed 30 years of age. To enhance building safety, improve urban landscapes, and promote urban regeneration, governments at both the central and local levels have offered multiple incentives. With the introduction of the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings and governmental bank financing discounts, the restrictions that previously hindered the promotion of old house reconstruction have been greatly eased. In addition, both the Taipei City Government and the New Taipei City Government actively promote urban renewal and the reconstruction of unsafe and old buildings, which will also likely drive future business opportunities for L&K Group in this area.

Business diversification policies serve to not only facilitate business expansion but also effectively protect the Company's business when some industries and markets are affected by a receding economy. Such policies ensure that we perform necessary market planning and adjustments, build knowledge capacity for a knowledge economy, develop different skillsets for industry integration, develop the abilities needed to operate larger and different types of businesses, and provide customized services and solutions. Thus, even with operations as diverse as our company's, we are able to reduce risks and steadily increase benefits for the entire group.

In addition, the integration of the group's internal resources and our professional strengths in division of labor are starting to have an effect on the market. By converging experiences and expertise and sharing resources and information with RSEA Engineering Corp., we have achieved our strategic goals of business and market growth. This has improved the ability of L&K Group to contract turnkey projects in mainland China, broadened the group's reach of international projects, ensured that L&K Group can operate more steadily in the future, and attained our ultimate business goal: to establish our root in Taiwan, cultivate mainland Chinese markets, serve our Asian partners, and form strategic alliances, thereby advancing toward the international stage.

#### (IV) Future Development Strategy

Facing the challenges in the global general business environment, high-tech managements must quickly restructure their organization and change the way they think in order to maintain advantages as they brace for the fierce competition ahead. The Company will employ enterprise resource planning systems and effective knowledge management to enhance its competitiveness, adjust the organizational structure to improve execution capabilities in response to market competition, and shape a learning environment within the corporation to strengthen employees' diverse professional capabilities, thereby enhancing the Company's adaptability to changes in the market environment. To internationalize business operations, the Company will commit to acclimatizing its corporate culture to the local culture of our subsidiaries. We will urge subsidiaries to develop their business, increase the group's business synergy, and develop response capabilities that are flexible enough to fortify the group's competitive advantages, maintain our core competitiveness, and uphold the core value of sustainable development. The Company will adopt the following development strategies in the future:

1. Strengthen existing core technologies and system professional integration capability; focus on talent enhancement and cultivation; and continue to implement corporate electronic knowledge management and digital transformation to reinforce our competitive advantage in business profitability.
2. Consolidate the group's comprehensive strengths; attempt businesses in the areas of land development, unsafe and old building market development, and research and development of ecological green resource technologies; and spare no effort in acquiring large integrative construction businesses both at home and abroad, and developing businesses in the development of related industries.
3. Develop business alliance systems, unite well-performing companies at home and abroad; strengthen our team's diverse strengths and competitiveness; utilize the group's advantageous resources in the capital market; and build a mutually beneficial industry platform.

#### (V) Impact of Competitive, Regulatory, and Operating Environments

The highs, lows, collaboration, and competition within industries are constantly changing with evolving trends, and the regulatory environment adapts accordingly to the development of high-tech sectors. Governments worldwide recognize the need to strike an appropriate balance between economic growth, political considerations, and environmental protection regulations. However, the political and economic rivalry between the United States and China has led to the implementation of entity lists and export controls. Therefore, the Company must stay in sync with the pace of its high-tech industry clients and keep a close eye on regulatory updates in these areas. In recent years, guided by the trend towards ESG principles in corporate operations and supply chain management, L&K will move beyond mere profit goals to elevate its level of corporate governance and facilitate sustainable development for the environment and society. For the short term ahead, although the external competitive, regulatory, and operating environments will be constantly filled with challenges, these environments should not have a significant negative impact on the company's operations.

Chairman:  
Chu-Shiang Yao

Manager:  
Hsiao-Ling Chiang

Accounting Supervisor:  
Ya-lin Chan



## **Audit Committee's Report**

The Board of Directors has prepared the Company's 2023 business report, financial statements (including individual and consolidated financial statements), and proposal for earnings distribution. The CPAs Tseng-Kuo Huang and Jung-Hua Chen of L.H. Chen & Co. have audited the financial statements (including individual and consolidated financial statements) and have issued an audit report. The business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To the Company's 2024 General Shareholders' Meeting

L&K Engineering Co., Ltd.  
Audit Committee convener: Chien-  
Jan Lee

2024/03/13

**L&K Engineering Co., Ltd.**  
**Independent Auditor's Report**

To the Board of Directors and Stockholders of L&K Engineering Co., Ltd. :

**Opinion**

We have audited the accompanying parent company only balance sheets of L&K Engineering Co., Ltd. (“the Company”) as of December 31, 2023 and 2022, the related parent company only statements of comprehensive income, statements of changes in equity and cash flows for the years ended December 31, 2023 and 2022.

In our opinion, based on our audits and the reports of the other independent auditors referred to in Other matter section of our report, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of L&K Engineering Co., Ltd. as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis of Opinion**

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, our judgment should be communicated in the audit report on the key check items as follows:

(1) Construction contract revenue and profit recognition

Please refer to Note 4(18) for the accounting policy of the revenue and profit of the construction contract. Please refer to Note 5(2)(A) for estimates and assumptions of the construction contract. Please refer to Note 6(24) for disclosures of construction contracts revenue.

**Description:**

Construction contract revenue and profit should be recognized with reference to the completion degree of individual contracts at the period end of the financial report, measured by the proportion of cost incurred to the estimated total contract cost. The change in estimate may result in significant adjustments to revenue and profits.

**How our audit addressed the matter:**

For major construction contracts entered or those with significant changes in total revenue and estimated total cost in the year, review the relevant contract terms and minutes, and understand the rationality of the project manager's assessment of the estimated total cost of construction contracts or the reasons for the changes; assessing whether the Company's accounting policy on revenue recognition is in accordance with the related accounting standards.

(2) Receivable impairment

Please refer to Note 4(6) for the accounting principles of receivable impairment. Please refer to Note 5(2)(B) for accounting estimates and assumptions about receivable impairment. Please refer to Note 6(3) 、Note 6(4) and Note 6(25) for the disclosure of receivable impairment.

**Description:**

The impairment of receivables is recognized by management through various external evidence assessments. Impairment of receivables involves management's judgment and the influence of various factors, which may lead to an increase in the inaccuracy of accounting estimates.

**How our audit addressed the matter:**

The main auditing procedures include examining whether the receivables evaluation policy is handled in accordance with reporting standards, and for the accounts overdue for a longer period in the aging analysis, understanding the reasons and subsequent collections, and obtaining documents related to management's estimates of the expected credit losses, and impairment of accounts receivable, and assessing their reasonableness and the appropriateness of related disclosures.

**Other matter**

The financial statements of RSEA Engineering Corporation (privatized 2009), which were accounted for under the equity method on the parent company only balance sheet as of December 31, 2023 and 2022, were audited by other independent auditors. Our audit, insofar as it related to the investment, is based on the other independent auditors' reports. The investment in RSEA Engineering Corporation (privatized 2009) amounted to NT\$3,548,993 thousand and NT\$3,036,896 thousand, which represented 11.55% and 10.79% of the total assets as of December 31, 2023 and 2022, respectively. The related shares of investment income from RSEA Engineering Corporation (privatized 2009) amounted to NT\$61,052 thousand and NT\$40,715 thousand, which represented 1.70% and 3.22% of the income from continuing operations before income tax for the years ended December 31, 2023 and 2022, respectively.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparations of Financial Report by Securities Issuers and for internal control necessary to enable the preparation of the parent company only financial statements to be free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

L.H. CHEN & CO., CPAs.

March 13, 2024

**L&K Engineering Co., Ltd.**  
**Parent Company Only Balance Sheets**  
**December 31, 2023 and 2022**

Unit : NT\$1,000

Assets	December 31, 2023		December 31, 2022		Liabilities and Equity	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets</b>					<b>Current Liabilities</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 7,061,696	23	\$ 5,757,506	20	2100 Short-term borrowings (Note 6(14))	\$ 100,000	-	\$ 600,000	2
1110 Financial assets at fair value					2110 Short-term notes and bills payable (Note 6(15))	-	-	199,547	1
through profit or loss - current (Note 6(2))	246,467	1	192,358	1	2130 Liabilities of contract - current (Note 6(24)&7(2))	8,279,185	28	13,879,258	48
1140 Contract assets - current (Note 6(24)&7(2))	1,838,016	6	1,978,153	7	2170 Accounts payable	9,460,721	32	3,195,008	11
1150 Notes receivable, net (Note 6(3))	2,495	-	2,495	-	2180 Accounts payable - related parties (Note 7(2))	3,999	-	4,412	-
1170 Accounts receivable, net (Note 6(3))	5,367,854	17	1,332,058	5	2200 Other payables	384,310	1	259,564	1
1180 Accounts receivable - related parties, net (Note 6(3)&7(2))	224,604	1	246,688	1	2230 Current tax liabilities	585,088	2	225,459	1
1200 Other receivables, net (Note 6(4))	346,360	1	2,696	-	2250 Provisions - current (Note 6(16))	372,462	1	227,909	1
1210 Other receivables- related parties, net (Note 7(2))	-	-	271,320	1	2280 Lease liabilities - current (Note 6(17))	14,849	-	41,948	-
1220 Current tax assets	376,269	1	219,788	1	2320 Long-term borrowings - current portion (Note 6(18))	3,822	-	203,764	1
130X Inventories, net (Note 6(5))	9,781	-	10,540	-	2399 Other current liabilities	43,530	-	37,165	-
1410 Prepayments (Note 6(6))	4,809,067	16	8,844,096	32	21XX <b>Total Current Liabilities</b>	<u>19,247,966</u>	<u>64</u>	<u>18,874,034</u>	<u>66</u>
1476 Other financial assets - current (Note 6(7))	603,903	2	617,586	2	<b>Noncurrent Liabilities</b>				
1479 Other current assets	31,799	-	40,888	-	2540 Long-term borrowings (Note 6(18))	126,747	-	230,501	1
11XX <b>Total Current Assets</b>	<u>20,918,311</u>	<u>68</u>	<u>19,516,172</u>	<u>70</u>	2570 Deferred income tax liabilities (Note 6(28))	377,253	1	267,702	1
<b>Noncurrent Assets</b>					2580 Lease liabilities - non-current (Note 6(17))	8,392	-	33,120	-
1510 Financial assets at fair value					2640 Accrued pension cost (Note 6(19))	29,786	-	29,512	-
through profit or loss - non current (Note 6(2))	4,620	-	4,620	-	2645 Guarantee deposits received	11,893	-	9,856	-
1517 Financial assets at fair value through other comprehensive income (Notes 6(8))	598,158	2	427,211	2	25XX <b>Total Noncurrent Liabilities</b>	<u>554,071</u>	<u>1</u>	<u>570,691</u>	<u>2</u>
1550 Investments accounted for using equity method (Note 6(9))	8,696,396	29	7,632,600	27	2XXX <b>Total Liabilities</b>	<u>19,802,037</u>	<u>65</u>	<u>19,444,725</u>	<u>68</u>
1600 Property, plant and equipment, net (Note 6(10))	281,376	1	284,481	1	<b>Equity Attributable to Shareholders of the Parent</b>				
1755 Right-of-use assets (Note 6(11))	23,051	-	74,937	-	3100 Capital stock				
1760 Investment property, net (Note 6(12))	92,048	-	92,834	-	3110 Common stock (Note 6(20))	2,255,409	7	2,255,409	8
1780 Intangible assets (Note 6(13))	4,693	-	7,315	-	3200 Capital surplus (Note 6(21))	2,861,062	9	2,853,613	10
1840 Deferred income tax assets (Note 6(28))	93,124	-	84,761	-	3300 Retained earnings (Note 6(22))				
1980 Other financial assets - non current (Note 6(7)&7(2))	17,289	-	13,939	-	3310 Legal reserve	1,326,100	4	1,225,456	4
1995 Other noncurrent assets	2,385	-	1,584	-	3320 Special reserve	133,708	-	362,153	1
15XX <b>Total Noncurrent Assets</b>	<u>9,813,140</u>	<u>32</u>	<u>8,624,282</u>	<u>30</u>	3350 Unappropriated earnings	4,358,396	14	2,132,806	8
					3400 Others (Note 6(23))	(5,261)	1	(133,708)	1
					3XXX <b>Equity Attributable to Shareholders of the Parent</b>	<u>10,929,414</u>	<u>35</u>	<u>8,695,729</u>	<u>32</u>
1XXX <b>Total Assets</b>	<u>\$ 30,731,451</u>	<u>100</u>	<u>\$ 28,140,454</u>	<u>100</u>	3X2X <b>Total Liabilities and Equity</b>	<u>\$ 30,731,451</u>	<u>100</u>	<u>\$ 28,140,454</u>	<u>100</u>

**L&K Engineering Co., Ltd.**  
**Parent Company Only Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

(Except EPS)

	For the Years Ended December 31,			
	2023		2022	
	Amount	%	Amount	%
4000 Operating Revenue (Note 6(24)&7(2))	\$ 29,101,602	100	\$ 10,805,257	100
5000 Operating Costs	(26,245,229)	(90)	(9,646,605)	(89)
5900 Gross Profit	2,856,373	10	1,158,652	11
6000 Operating Expenses				
6200 General and administrative expenses (Note 6(26)& 7(2))	(448,830)	(2)	(252,234)	(2)
6450 Expected credit loss benefit (Note 6(25))	107,506	-	(66,185)	(1)
Total Operating Expenses	(341,324)	(2)	(318,419)	(3)
6900 Net Operating Income (Loss)	2,515,049	8	840,233	8
7000 Non-operating Income and Expenses				
7100 Interest income (Note 6(27)& 7(2))	264,685	1	53,531	-
7010 Other income (Note 6(27))	24,104	-	25,301	-
7020 Other gains and losses (Note 6(27))	11,328	-	(260)	-
7050 Finance costs (Note 6(27))	(20,343)	-	(19,758)	-
7060 Share of profits of subsidiaries, associates and joint venture by using equity method (Note 6(9))	804,657	3	366,175	3
Total non-operating income and expenses	1,084,431	4	424,989	3
7900 Income before Income Tax	3,599,480	12	1,265,222	11
7950 Income Tax Expense (Note 6(28))	(710,660)	(2)	(266,084)	(2)
8200 Net Income	2,888,820	10	999,138	9
8300 Other Comprehensive Income (Loss)				
8310 Items that are not to be reclassified to profit or loss				
8311 Re-measurements from defined benefit plans (Note 6(19))	(2,048)	-	9,134	-
8316 Unrealized loss on investments in instruments at fair value through other comprehensive (Note 6(23))	170,947	1	73,227	1
8349 Income tax relating to the components of other comprehensive income - items that will not be reclassified to profit or loss (Note 6(28))	410	-	(1,827)	-
8361 Exchange differences arising on translation of foreign operations (Note 6(23))	(53,281)	-	192,495	2
8381 Share of other comprehensive income on subsidiaries and associates (Note 6(23))	125	-	308	-
8399 Income tax benefit (expense) related to components of other comprehensive income (Note 6(28))	10,656	-	(38,728)	-
Other comprehensive income (loss) for the period, net of income tax	126,809	1	234,609	3
8500 Total Comprehensive Income for the Period	\$ 3,015,629	11	\$ 1,233,747	12
9750 Basic Earnings Per Share (Note 6(29))	\$ 12.81		\$ 4.43	
9850 Diluted Earnings Per Share (Note 6(29))	\$ 12.74		\$ 4.40	

**L&K Engineering Co., Ltd.**  
**Parent Company Only Statements of Changes in Equity**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

Items	Equity Attributable to Shareholders of the Parent						Other Equity		
	Common Stock	Capital Surplus	Retained Earnings			Unappropriated earnings	Accumulated Balances of Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity
			Legal Reserve	Special reserve					
Balance, January 1, 2022	\$ 2,255,409	\$ 2,847,935	\$ 1,192,763	\$ 453,961	\$ 1,406,700	\$ (386,242)	\$ 24,089	\$ 7,794,615	
Appropriation of prior year's earnings:									
Legal reserve	-	-	32,693	-	(32,693)	-	-	-	
Special reserve	-	-	-	(91,808)	91,808	-	-	-	
Cash dividends	-	-	-	-	(338,311)	-	-	(338,311)	
Net income for the year ended December 31, 2022	-	-	-	-	999,138	-	-	999,138	
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	7,307	154,075	73,227	234,609	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,006,445	154,075	73,227	1,233,747	
From share of changes in equities of subsidiaries	-	5,678	-	-	(1,143)	1,143	-	5,678	
Balance, December 31, 2022	\$ 2,255,409	\$ 2,853,613	\$ 1,225,456	\$ 362,153	\$ 2,132,806	\$ (231,024)	\$ 97,316	\$ 8,695,729	

Items	Equity Attributable to Shareholders of the Parent							
	Common Stock	Capital Surplus	Retained Earnings			Other Equity		
			Legal Reserve	Special reserve	Unappropriated earnings	Accumulated Balances of Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity
Balance, January 1, 2023	\$ 2,255,409	\$ 2,853,613	\$ 1,225,456	\$ 362,153	\$ 2,132,806	\$ (231,024)	\$ 97,316	\$ 8,695,729
Appropriation of prior year's earnings								
Legal reserve	-	-	100,644	-	(100,644)	-	-	-
Special reserve	-	-	-	(228,445)	228,445	-	-	-
Cash dividends	-	-	-	-	(789,393)	-	-	(789,393)
Net income for the year ended December 31, 2023	-	-	-	-	2,888,820	-	-	2,888,820
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,638)	(42,500)	170,947	126,809
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	2,887,182	(42,500)	170,947	3,015,629
From share of changes in equities of subsidiaries	-	7,449	-	-	-	-	-	7,449
Balance, December 31, 2023	\$ 2,255,409	\$ 2,861,062	\$ 1,326,100	\$ 133,708	\$ 4,358,396	\$ (273,524)	\$ 268,263	\$ 10,929,414



**L&K Engineering Co., Ltd.**  
**Parent Company Only Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

	<b><u>For the Years Ended December 31,</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Income before income tax	\$ 3,599,480	\$ 1,265,222
Adjustments for		
Depreciation expense	56,456	22,111
Amortization expense	8,259	5,917
Bad debt expenses (Gain on reversal of bad debts)	(107,506)	66,185
Loss (gain) on financial assets at fair value through profit and loss	(54,109)	109,934
Interest expense	20,343	19,758
Interest income	(264,685)	(53,531)
Dividend income	(20,972)	(22,272)
Share of profits of associates and joint venture by using equity method	(804,657)	(366,175)
Loss (gain) on disposal of property, plant and equipment	(18)	(22)
Loss (gain) from lease modification	(173)	-
Changes in operating assets and liabilities:		
Decrease (increase) in current contract assets	251,809	(328,632)
Decrease (increase) in accounts and notes receivable	(4,039,965)	105,987
Decrease (increase) in accounts receivable - related parties	22,084	(139,166)
Decrease (increase) in other receivables	(335,433)	63,026
Decrease (increase) in other receivables - related parties	269,398	(1,546)
Decrease (increase) in inventories, net	760	2,132
Decrease (increase) in prepayments	4,033,695	(8,578,331)
Decrease (increase) in other current assets	9,089	7,652
Increase (decrease) in current contract liabilities	(5,599,953)	12,399,375
Increase (decrease) in notes and accounts payable	6,265,714	730,281
Increase (decrease) in notes and accounts payable - related parties	(533)	(577)
Increase (decrease) in other payables	124,637	137,428
Increase (decrease) in provisions	144,553	53,187
Increase (decrease) in other current liabilities	6,365	4,228
Increase (decrease) in accrued pension liabilities	(1,774)	(1,926)
Cash generated from operations	<u>3,582,864</u>	<u>5,500,245</u>

**L&K Engineering Co., Ltd.**  
**Parent Company Only Statements of Cash Flows (Cont'd)**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

	<b><u>For the Years Ended December 31,</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Interest received	\$ 258,380	\$ 55,310
Dividend received	185,348	100,000
Interest paid	(18,800)	(19,503)
Income tax paid	(395,259)	(294,946)
Net Cash Provided by (Used in) Operating Activities	<u>3,612,533</u>	<u>5,341,106</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of financial assets at fair value through profit or loss	-	(4,620)
Acquisition of investments accounted for under the equity method	(483,978)	-
Acquisition of property, plant and equipment	(7,035)	(7,547)
Proceeds from disposal of property, plant and equipment	18	42
Acquisition of investment property	-	(284)
Acquisition of intangible assets	(5,053)	(7,796)
Decrease (increase) in other financial assets	<u>10,333</u>	<u>131,977</u>
Net Cash Provided by (Used in) Investing Activities	<u>(485,715)</u>	<u>111,772</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Increase (decrease) in short-term debt	(500,000)	480,000
Increase (decrease) in short-term notes and bills payable	(200,000)	(400,000)
Increase (decrease) in long-term notes and bills payable	250,000	1,703,387
Decrease in long-term notes and bills payable	(553,696)	(2,407,086)
Increase (decrease) in guarantee deposit received	2,037	(2,271)
Repayment of the principal portion of lease liabilities	(42,912)	(9,637)
Cash dividend paid	<u>(789,393)</u>	<u>(338,311)</u>
Net Cash Generated by (Used in) Investing Activities	<u>(1,833,964)</u>	<u>(973,918)</u>
Effect of exchange rate changes	<u>11,336</u>	<u>27,141</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,304,190	4,506,101
Cash and Cash Equivalents at Beginning of Period	<u>5,757,506</u>	<u>1,251,405</u>
Cash and Cash Equivalents at End of Period	<u>\$ 7,061,696</u>	<u>\$ 5,757,506</u>

## Statement

According to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies required to be included in the consolidated financial statements of affiliates under these Criteria are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, for the year 2023 (2023/1/1 to 2023/12/31) The Company hereby declares that it shall no longer prepare separate consolidated financial statements of affiliates.

Company name: L&K Engineering Co., Ltd.

Responsible person: Chu-Shiang Yao

2024/3/13

**L&K Engineering Co., Ltd. and Subsidiaries**  
**Independent Auditor's Report**

To the Board of Directors and Stockholders of L&K Engineering Co., Ltd. :

**Opinion**

We have audited the accompanying consolidated balance sheets of L&K Engineering Co., Ltd and subsidiaries (“the Group”) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended December 31, 2023 and 2022.

In our opinion, based on our audits and the reports of the other independent accountants referred to in other matter section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standard, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standard Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis of opinion**

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, our judgment should be communicated in the audit report on the key check items as follows:

(1) Construction contract revenue and profit recognition

Please refer to Note 4(19) for the accounting policy of the revenue and profit of the construction contract. Please refer to Note 5(2)(A) for estimates and assumptions of the construction contract.

Please refer to Note 6(26) for disclosures of construction contracts revenue.

**Description:**

Construction contract revenue and profit should be recognized with reference to the completion degree of individual contract at the period end of the financial report, measured by the proportion of cost incurred to the estimated total contract cost. The change in estimate may result in significant adjustments to revenue and profits.

**How our audit addressed the matter:**

The principal auditing procedures include testing the design of internal control for the construction contract revenue and receivable collection and its effectiveness of implementation. For major construction contracts entered or those with significant changes total revenue and estimated total cost in the year, review the relevant the contract and minutes, and understand the rationality of the project manager's assessment of the estimated total cost of construction contracts or the reasons for the changes; assessing whether the Group's accounting policy on revenue recognition is in accordance with the related accounting standards.

**(2) Receivable impairment**

Please refer to Note 4(7) for the accounting principles of receivable impairment. Please refer to Note 5(2)(B) for accounting estimates and assumptions about receivable impairment. Please refer to Note 6(3), Note 6(4) and Note 6(27) for the disclosure of receivable impairment.

**Description:**

The impairment of receivables is recognized by management through various external evidence assessments. Impairment of receivables involves management's judgment and the influence of various factors, which may lead to an increase in the inaccuracy of accounting estimates.

**How our audit addressed the matter:**

The main auditing procedures include examining whether the receivables evaluation policy is handled in accordance with reporting standards, and for the accounts overdue for a longer period in the aging analysis, understanding the reasons and subsequent collections, and obtaining documents related to management's estimates of the expected credit losses and impairment of accounts receivable, and assessing their reasonableness and the appropriateness of related disclosures.

**Other matter**

We did not audit the financial statements of RSEA Engineering Corporation (privatized 2009), which were audited by other auditors. Our audit, insofar as it related to RSEA Engineering Corporation (privatized 2009), is based on the other auditors' reports. RSEA Engineering Corporation (privatized 2009) had total assets of NT\$13,920,274 thousand and NT\$13,980,020 thousand, constituting 25.61% and 28.52% of consolidated total assets as of December 31, 2023 and 2022, total liabilities of NT\$9,598,686 thousand and NT\$10,464,090 thousand, constituting 24.74% and 28.90% of consolidated total liabilities as of December 31, 2023 and 2022, and total operating revenues of NT\$14,908,220 thousand and NT\$12,627,993 thousand, constituting 26.20% and 35.33% of consolidated total operating revenues for the years ended December 31, 2023 and 2022. We have also audited the parent company only financial

statements of L&K Engineering Co., Ltd as of and for the years ended December 31, 2023 and 2022, and have expressed an unqualified opinion on such financial statements.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparations of Financial Report by Securities Issuers and International Financial Reporting Standard, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standard Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China, and for internal control necessary to enable the preparation of the Group's financial statements to be free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- (1) Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

L.H. CHEN & CO., CPAs  
March 13, 2024

**L&K Engineering Co., Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**

Unit : NT\$1,000

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022					
		Amount	%	Amount	%			Amount	%	Amount	%				
<b>Current Assets</b>															
1100	Cash and cash equivalents (Note 6(1))	\$	13,385,751	26	\$	9,955,154	20	2100	Short-term borrowings (Note 6(15)&7(2))	\$	1,441,379	3	\$	2,032,051	4
1110	Financial assets at fair value through profit or loss - current (Note 6(2))		246,467	-		192,358	-	2110	Short-term notes and bills payable (Note 6(16))		599,233	1		1,297,538	3
1140	Contract assets - current (Note 6(26)&7(2))		12,216,870	22		11,145,251	23	2130	Liabilities of contract - current (Note 6(26))		13,420,818	25		18,157,517	37
1150	Notes receivable, net (Note 6(3))		36,320	-		301,927	1	2150	Notes payable		11,506	-		191,903	-
1170	Accounts receivable, net (Note 6(3))		11,964,823	22		5,889,922	12	2170	Accounts payable		19,627,992	35		10,750,808	21
1200	Other receivables, net (Note 6(4))		380,010	1		30,820	-	2180	Accounts payable - related parties (Note 7(2))		268	-		273	-
1220	Current tax assets		591,540	1		249,758	1	2200	Other payables		889,464	2		716,694	1
130X	Inventories, net (Note 6(5))		696,177	1		695,400	1	2220	Other payables - related parties (Note 7(2))		294,784	1		26,592	-
1410	Prepayments (Note 6(6))		6,204,101	11		10,870,088	22	2230	Current tax liabilities		639,336	1		284,274	1
1476	Other financial assets - current (Note 6(7))		3,541,401	7		4,562,367	9	2250	Provisions - current (Note 6(17))		413,476	1		259,780	1
1479	Other current assets		31,977	-		42,852	-	2280	Lease liability (Note 6(18))		49,566	-		77,544	-
11XX	<b>Total Current Assets</b>		49,295,437	91		43,935,897	89	2320	Long-term borrowings - current portion (Note 6(19))		7,230	-		326,907	1
								2399	Other current liabilities		210,829	-		151,721	-
								21XX	<b>Total Current Liabilities</b>		37,605,881	69		34,273,602	69
<b>Noncurrent Assets</b>															
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))		97,946	-		4,620	-	2540	Long-term borrowings (Note 6(19)&7(2))		519,830	1		1,331,719	3
1517	Financial assets at fair value through other comprehensive income (Notes 6(8))		598,158	1		515,431	1	2570	Deferred income tax liabilities (Note 6(30))		400,622	1		276,936	1
1550	Investments accounted for using the equity method (Note 6(9))		-	-		-	-	2580	Lease liabilities - non-current (Note 6(18))		12,311	-		58,720	-
1600	Property, plant and equipment, net (Note 6(10))		795,204	1		847,439	2	2640	Accrued pension cost (Note 6(20))		29,786	-		29,512	-
1755	Right-of-use assets (Note 6(11))		2,655,264	5		2,827,594	6	2645	Guarantee deposits received		225,668	-		235,436	-
1760	Investment property, net (Note 6(12))		97,688	-		99,939	-	25XX	<b>Total Noncurrent Liabilities</b>		1,188,217	2		1,932,323	4
1780	Intangible assets (Note 6(13))		28,637	-		31,128	-	2XXX	<b>Total Liabilities</b>		38,794,098	71		36,205,925	73
1840	Deferred income tax assets (Note 6(30)(D))		297,812	1		271,247	1								
1980	Other financial assets - non-current (Note 6(7)&7(2))		212,709	-		206,883	-	<b>Equity Attributable to Shareholders of the Parent</b>							
1985	Other long-term investments (Note 6(14))		276,525	1		276,480	1	3100	Capital stock						
1995	Other noncurrent assets		2,385	-		1,584	-	3110	Common stock (Note 6(21))		2,255,409	4		2,255,409	5
15XX	<b>Total Noncurrent Assets</b>		5,062,328	9		5,082,345	11	3200	Capital surplus (Note 6(22))		2,861,062	5		2,853,613	6
								3300	Retained earnings (Note 6(23))						
								3310	Legal reserve		1,326,100	2		1,225,456	2
								3320	Special reserve		133,708	-		362,153	1
								3350	Unappropriated earnings		4,358,396	8		2,132,806	4
								3400	Others (Note 6(24))		(5,261)	1		(133,708)	1
								31XX	<b>Equity Attributable to Shareholders of the Parent</b>		10,929,414	20		8,695,729	19
								36XX	<b>Noncontrolling Interests</b> (Note 6(25))		4,634,253	9		4,116,588	8
								3XXX	<b>Total Equity</b>		15,563,667	29		12,812,317	27
1XXX	<b>Total Assets</b>	\$	54,357,765	100	\$	49,018,242	100	3X2X	<b>Total Liabilities and Equity</b>	\$	54,357,765	100	\$	49,018,242	100



**L&K Engineering Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000  
(Except EPS)

	For the Years Ended December 31,			
	2023		2022	
	Amount	%	Amount	%
4000 Operating Revenue (Note 6(26)&7(2))	\$ 56,904,659	100	\$ 35,738,886	100
5000 Operating Costs	(51,748,425)	(91)	(33,001,985)	(94)
5900 Gross Profit	5,156,234	9	2,736,901	6
6000 Operating Expenses				
6100 Selling expenses (Note 6(28))	(18,102)	-	(22,287)	-
6200 General and administrative expenses (Note 6(28)&7(2))	(1,000,083)	(2)	(728,843)	(2)
6300 Research and development expenses	(185,001)	-	(137,234)	-
6450 Expected credit loss/benefit (Note 6(27))	60,267	-	(231,358)	(2)
Total operating expenses	(1,142,919)	(2)	(1,119,722)	(4)
6900 Net Operating Income	4,013,315	7	1,617,179	2
7000 Non-operating Income and Expenses				
7100 Interest income (Note 6(29))	494,200	1	91,135	-
7010 Other income (Note 6(29))	76,245	-	41,113	-
7020 Other gains and losses (Note 6(29))	22,324	-	17,287	1
7050 Finance costs (Note 6(29))	(68,787)	-	(62,718)	-
7060 Share of profits of associates and joint venture by using the equity method (Note 6(9))	-	-	-	-
Total non-operating income and expenses	523,982	1	86,817	1
7900 Income before Income Tax	4,537,297	8	1,703,996	3
7950 Income Tax Expense (Note 6(30))	(993,956)	(2)	(419,973)	-
8200 Net Income	3,543,341	6	1,284,023	3
8300 Other Comprehensive Income (Loss)				
8310 Items that are not to be reclassified to profit or loss				
8311 Re-measurements from defined benefit plans (Note 6(20))	(2,048)	-	9,134	-
8316 Unrealized loss on investments in instruments at fair value through other comprehensive income (Note 6(8)&6(24))	170,947		73,227	
8349 Income tax relating to the components of other comprehensive income - items that will not be reclassified to profit or loss (Note 6(30))	410	-	(1,827)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences arising on translation of foreign operations	(115,280)	-	247,445	-
8399 Income tax benefit (expense) related to components of other comprehensive income (Note 6(30))	10,619	-	(38,820)	-
8300 Other comprehensive income (loss) for the period, net of income tax	64,648	-	289,159	-
8500 Total Comprehensive Income for the Period	\$ 3,607,989	6	\$ 1,573,182	3
8600 Net Income (Loss) Attributable to:				
8610 Owners of the parent	\$ 2,888,820		\$ 999,138	
8620 Noncontrolling interests	\$ 654,521		\$ 284,885	
8700 Total Comprehensive Income (Loss) Attributable to:				
8710 Owners of the parent	\$ 3,015,629		\$ 1,233,747	
8720 Noncontrolling interests	\$ 592,360		\$ 339,435	
9750 Basic Earnings Per Share (Note 6(31))	\$ 12.81		\$ 4.43	
9850 Diluted Earnings Per Share (Note 6(31))	\$ 12.74		\$ 4.40	

**L&K Engineering Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

Items	Equity Attributable to Shareholders of the Parent								Total	Noncontrolling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Other Equity				
				Special Capital Reserve	Accumulated Balances of Exchange Differences on Translating Foreign Operations		Unrealized Gain/Loss on financial assets measured at fair value through other comprehensive				
Balance, January 1, 2022	\$ 2,255,409	\$ 2,847,935	\$ 1,192,763	\$ 453,961	\$ 1,406,700	\$ (386,242)	\$ 24,089	\$ 7,794,615	\$ 3,597,890	\$ 11,392,505	
Appropriation of prior year's earnings:					-						
Legal reserve	-	-	32,693	-	(32,693)	-	-	-	-	-	
Special reserve	-	-	-	(91,808)	91,808	-	-	-	-	-	
Cash dividends	-	-	-	-	(338,311)	-	-	(338,311)	-	(338,311)	
Net income for the year ended December 31, 2022	-	-	-	-	999,138	-	-	999,138	284,885	1,284,023	
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	7,307	154,075	73,227	234,609	54,550	289,159	
Total comprehensive income for the year ended December 31, 2022	-	-	-	\$ -	1,006,445	154,075	73,227	1,233,747	339,435	1,573,182	
From share of changes in equities of subsidiaries	-	5,678	-	-	(1,143)	1,143	-	5,678	(5,678)	-	
Increase (Decrease) in noncontrolling interests	-	-	-	-	-	-	-	-	184,941	184,941	
Balance, December 31, 2022	\$ 2,255,409	\$ 2,853,613	\$ 1,225,456	362,153	\$ 2,132,806	\$ (231,024)	\$ 97,316	\$ 8,695,729	\$ 4,116,588	\$ 12,812,317	

Items	Equity Attributable to Shareholders of the Parent										
	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings		Accumulated Balances of Exchange Differences on Translating Foreign Operations	Other Equity		Total	Noncontrolling Interests	Total Equity
				Special Capital Reserve	Unappropriated Earnings		Gain/Loss on financial assets measured at fair value through other comprehensive income				
Balance, January 1, 2023	\$ 2,255,409	\$ 2,853,613	\$ 1,225,456	\$ 362,153	\$ 2,132,806	\$ (231,024)	\$ 97,316	\$ 8,695,729	\$ 4,116,588	\$ 12,812,317	
Appropriation of prior year's earnings:											
Legal reserve	-	-	100,644	-	(100,644)	-	-	-	-	-	
Special reserve	-	-	-	(228,445)	228,445	-	-	-	-	-	
Cash dividends	-	-	-	-	(789,393)	-	-	(789,393)	-	(789,393)	
Net income for the year ended December 31, 2023	-	-	-	-	2,888,820	-	-	2,888,820	654,521	3,543,341	
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,638)	(42,500)	170,947	126,809	(62,161)	64,648	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	2,887,182	(42,500)	170,947	3,015,629	592,360	3,607,989	
From share of changes in equities of subsidiaries	-	7,449	-	-	-	-	-	7,449	(7,449)	-	
Increase (Decrease) in noncontrolling interests	-	-	-	-	-	-	-	-	(67,246)	(67,246)	
Balance, December 31, 2023	\$ 2,255,409	\$ 2,861,062	\$ 1,326,100	\$ 133,708	\$ 4,358,396	\$ (273,524)	\$ 268,263	\$ 10,929,414	\$ 4,634,253	\$ 15,563,667	

**L&K Engineering Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

	<b><u>For the Years Ended December 31,</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Income before income tax	\$ 4,537,297	\$ 1,703,996
Adjustments for		
Depreciation expense	222,178	156,637
Amortization expense	13,062	9,080
Expected credit loss (reversal)	(60,267)	231,358
Loss (gain) on financial assets at fair value through profit or loss	(60,898)	109,934
Interest expense	68,787	62,718
Interest income	(494,200)	(91,135)
Dividend income	(20,972)	(22,272)
Loss on lease modification	(173)	-
Loss (gain) on disposal of property, plant and equipment	355	(120)
Share-based payments	5,200	-
Changes in operating assets and liabilities:		
Decrease (increase) in current contract assets	(787,538)	(784,580)
Decrease (increase) in notes receivable	262,580	(49,942)
Decrease (increase) in accounts receivable	(6,366,848)	(43,739)
Decrease (increase) in other receivables	(337,247)	57,960
Decrease (increase) in inventories, net	(1,632)	95,105
Decrease (increase) in prepayments	4,647,995	(8,489,896)
Decrease (increase) in other current assets	10,842	7,517
Increase (decrease) in current contract liabilities	(4,760,717)	13,240,325
Increase (decrease) in notes payable	(178,676)	220
Increase (decrease) in accounts payable	8,984,222	1,514,438
Increase (decrease) in accounts payable - related parties	-	(1,332)
Increase (decrease) in other payables	173,360	228,233
Increase (decrease) in provisions	153,696	46,633
Increase (decrease) in other current liabilities	31,416	(2,763)
Increase (decrease) in accrued pension liabilities	(1,774)	(1,926)
Cash generated from operations	<u>6,040,048</u>	<u>7,976,449</u>

**L&K Engineering Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows (Cont'd)**  
**For the Years Ended December 31, 2023 and 2022**

Unit : NT\$1,000

	<b>For the Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest received	\$ 481,185	\$ 78,944
Dividend received	20,972	22,272
Interest paid	(63,511)	(54,426)
Income tax paid	(872,424)	(460,492)
Net Cash Provided by (Used in) Operating Activities	<u>5,606,270</u>	<u>7,562,747</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of financial assets at fair value through profit or loss	-	(4,620)
Acquisition of financial assets at fair value through other comprehensive income	-	(88,230)
Acquisitions of investment property	-	(284)
Acquisitions of property, plant and equipment	(35,647)	(152,587)
Proceeds from disposal of property, plant and equipment	819	718
Acquisitions of intangible assets	(10,368)	(19,316)
Decrease (increase) in other financial assets	<u>1,008,190</u>	<u>(1,312,358)</u>
Net Cash Provided by (Used in) Investing Activities	<u>962,994</u>	<u>(1,576,677)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Increase (decrease) in short-term debt	(587,812)	466,787
Increase (decrease) in short-term notes and bills payable	(700,000)	(350,000)
Increase in long-term notes and bills payable	250,000	2,697,388
Decrease in long-term notes and bills payable	(1,375,687)	(2,774,104)
Increase (decrease) in other payables - related parties	272,470	-
Increase (decrease) in guarantee deposit received	(9,746)	13,165
Cash dividend paid	(789,393)	(338,311)
Increase (decrease) in noncontrolling interests	(72,444)	(48,499)
Payment of lease liabilities	<u>(86,451)</u>	<u>(28,433)</u>
Net Cash Generated by (Used in) Financing Activities	<u>(3,099,063)</u>	<u>(362,007)</u>
Effect of exchange rate changes	<u>(39,604)</u>	<u>112,008</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,430,597</u>	<u>5,736,071</u>
Cash and Cash Equivalents at Beginning of Period	<u>9,955,154</u>	<u>4,219,083</u>
Cash and Cash Equivalents at End of Period	<u>\$ 13,385,751</u>	<u>\$ 9,955,154</u>

## Attachment 4

L&amp;K Engineering Co., Ltd.

Articles of Association Amendment Comparison Table

<b>Amended Articles</b>	<b>Existing Articles</b>	<b>Description</b>
<p>Article 2 :</p> <p>The scope of business of the Company is as follows:</p> <ul style="list-style-type: none"> <li>i. CB01030 Pollution Controlling Equipment Manufacturing.</li> <li>ii. CB01071 Frozen and Air-Conditioning Equipment Manufacturing.</li> <li>iii. E501011 Tap Water Pipelines Contractors.</li> <li>iv. E502010 Fuel Catheter Installation Engineering.</li> <li>v. E599010 Piping Engineering.</li> <li>vi. E601010 Electric Appliance Construction.</li> <li>vii. E601020 Electric Appliance Installation.</li> <li>viii. E602011 Refrigeration and Air Conditioning Engineering.</li> <li>ix. E603010 Cable Installation Engineering.</li> <li>x. E603020 Elevator Installation Engineering.</li> <li>xi. E603040 Fire Safety Equipment Installation Engineering.</li> <li>xii. E603050 Automatic Control Equipment Engineering.</li> <li>xiii. E603090 Lighting Equipments Construction.</li> <li>xiv. E603100 Electric Welding Engineering.</li> <li>xv. E604010 Machinery Installation.</li> <li>xvi. E605010 Computer Equipment Installation.</li> </ul>	<p>Article 2 :</p> <p>The scope of business of the Company is as follows:</p> <ul style="list-style-type: none"> <li>i. CB01030 Pollution Controlling Equipment Manufacturing.</li> <li>ii. CB01071 Frozen and Air-Conditioning Equipment Manufacturing.</li> <li>iii. E501011 Tap Water Pipelines Contractors.</li> <li>iv. E502010 Fuel Catheter Installation Engineering.</li> <li>v. E599010 Piping Engineering.</li> <li>vi. E601010 Electric Appliance Construction.</li> <li>vii. E601020 Electric Appliance Installation.</li> <li>viii. E602011 Refrigeration and Air Conditioning Engineering.</li> <li>ix. E603010 Cable Installation Engineering.</li> <li>x. E603020 Elevator Installation Engineering.</li> <li>xi. E603040 Fire Safety Equipment Installation Engineering.</li> <li>xii. E603050 Automatic Control Equipment Engineering.</li> <li>xiii. E603090 Lighting Equipments Construction.</li> <li>xiv. E603100 Electric Welding Engineering.</li> <li>xv. E604010 Machinery Installation.</li> <li>xvi. E605010 Computer Equipment Installation.</li> </ul>	<p>Modification of business project name.</p>

<b>Amended Articles</b>		<b>Existing Articles</b>		<b>Description</b>
xvii.	E701010 Telecommunications Construction.	xvii.	E701010 Telecommunications Construction.	
xviii.	E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.	xviii.	E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.	
xix.	E801010 Indoor Decoration.	xix.	E801010 Indoor Decoration.	
xx.	E801061 Interior Decoration Construction and Repairing.	xx.	E801061 Interior Decoration Construction and Repairing.	
xxi.	E801020 Doors and Windows Installation Engineering.	xxi.	E801020 Doors and Windows Installation Engineering.	
xxii.	E801030 Indoor Light-gauge Steel Frame Engineering.	xxii.	E801030 Indoor Light-gauge Steel Frame Engineering.	
xxiii.	E801040 Glass Installation Engineering.	xxiii.	E801040 Glass Installation Engineering.	
xxiv.	E801070 Kitchenware and Sanitary Fixtures Installation Engineering.	xxiv.	E801070 Kitchenware and Sanitary Fixtures Installation Engineering.	
xxv.	E901010 Painting Engineering.	xxv.	E901010 Painting Engineering.	
xxvi.	E903010 Anti-Corrosion and Anti-Rust Engineering.	xxvi.	E903010 Anti-Corrosion and Anti-Rust Engineering.	
xxvii.	EZ05010 Instrument and Meters Installation Engineering.	xxvii.	EZ05010 Instrument and Meters Installation Engineering.	
xxviii.	EZ06010 Traffic Marking Engineering.	xxviii.	EZ06010 Traffic Marking Engineering.	
xxix.	EZ09010 Electrostatic Protection and Cancellation Engineering.	xxix.	EZ09010 Electrostatic Protection and Cancellation Engineering.	
xxx.	EZ13010 Nuclear Engineering.	xxx.	EZ13010 Nuclear Engineering.	
xxxi.	EZ15010 Warming and Cooling Maintenance Construction.	xxxi.	EZ15010 Warming and Cooling Maintenance Construction.	
xxxii.	F113020 Wholesale of Electrical Appliances.	xxxii.	F113020 Wholesale of Electrical Appliances.	
xxxiii.	F113990 Wholesale of Other Machinery and Tools.	xxxiii.	F113990 Wholesale of Other Machinery and Tools.	
xxxiv.	F113100 Wholesale of Pollution Controlling Equipments.	xxxiv.	F113100 Wholesale of Pollution Controlling Equipments.	
xxxv.	F213010 Retail Sale of Electrical Appliances.	xxxv.	F213010 Retail Sale of Electrical Appliances.	

Amended Articles		Existing Articles		Description
xxxvi.	F213990 Retail Sale of Other Machinery and Tools.	xxxvi.	F213990 Retail Sale of Other Machinery and Tools.	Delete company business items
xxvii.	F401010 International Trade.	xxvii.	F401010 International Trade.	
xxviii.	I501010 Product Designing.	xxviii.	I501010 Product Designing.	
xxxix.	IG03010 Energy Technical Services.	xxxix.	IG03010 Energy Technical Services.	
xl.	A101020 Growing of Crops.	xl.	A101020 Growing of Crops.	
xli.	A101050 Growing of Flowers.	xli.	A101050 Growing of Flowers.	
xl.	A102020 Agricultural Products Preparations.	xl.	A102020 Agricultural Products Preparations.	
xl.	F101130 Wholesale of Vegetables and Fruits.	xl.	F101130 Wholesale of Vegetables and Fruits.	
xl.	F201010 Retail Sale of Agricultural Products.	xl.	F201010 Retail Sale of Agricultural Products.	
xl.	F501030 Beverage Shops.	xl.	F501030 Beverage Shops.	
xl.	F501060 Restaurants.	xl.	F501060 Restaurants.	
xl.	J601010 Arts and Literature Service.	xl.	J601010 Arts and Literature Service.	
xl.	J701020 Amusement Parks.	xl.	J701020 Amusement Parks.	
xl.	J701070 Information Recreational.	<del>xl.</del>	<del>J701070 Information Recreational.</del>	
1.	J801030 Athletics and Recreational Sports Stadium.	1.	J801030 Athletics and Recreational Sports Stadium.	
li.	J901020 Regular Hotel.	li.	J901020 Regular Hotel	
lii.	ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	lii.	ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval	

Amended Articles	Existing Articles	Description
<p>Article 35 :</p> <p>The Articles of Incorporation were established on 1978/11/20.</p> <p>The twenty-ninth amendment was made on 2016/5/27.</p> <p>The thirtieth amendment was made on 2017/5/26.</p> <p>The thirty-first amendment was made on 2018/5/24.</p> <p>The thirty-second amendment was made on 2019/5/24.</p> <p>The thirty-second amendment was made on 2024/6/26</p>	<p>Article 35 :</p> <p>The Articles of Incorporation were established on 1978/11/20.</p> <p>The twenty-ninth amendment was made on 2016/5/27.</p> <p>The thirtieth amendment was made on 2017/5/26.</p> <p>The thirty-first amendment was made on 2018/5/24.</p> <p>The thirty-second amendment was made on 2019/5/24.</p>	



## Appendix 1

### **L&K Engineering Co., Ltd. Articles of Incorporation**

#### **Chapter 1 General Principles**

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act and its name shall be 亞翔工程股份有限公司 in the Chinese language (and L&K Engineering Co., Ltd. in the English language).

Article 2: The scope of business of the Company is as follows:

- liii. CB01030 Pollution Controlling Equipment Manufacturing.
- liv. CB01071 Frozen and Air-Conditioning Equipment Manufacturing.
- lv. E501011 Tap Water Pipelines Contractors.
- lvi. E502010 Fuel Catheter Installation Engineering.
- lvii. E599010 Piping Engineering.
- lviii. E601010 Electric Appliance Construction.
- lix. E601020 Electric Appliance Installation.
- lx. E602011 Refrigeration and Air Conditioning Engineering.
- lxi. E603010 Cable Installation Engineering.
- lxii. E603020 Elevator Installation Engineering.
- lxiii. E603040 Fire Safety Equipment Installation Engineering.
- lxiv. E603050 Automatic Control Equipment Engineering.
- lxv. E603090 Lighting Equipments Construction.
- lxvi. E603100 Electric Welding Engineering.
- lxvii. E604010 Machinery Installation.
- xviii. E605010 Computer Equipment Installation.
- lxix. E701010 Telecommunications Construction.
- lxx. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
- lxxi. E801010 Indoor Decoration.
- lxxii. E801061 Interior Decoration Construction and Repairing.
- xxiii. E801020 Doors and Windows Installation Engineering.
- xxiv. E801030 Indoor Light-gauge Steel Frame Engineering.
- lxxv. E801040 Glass Installation Engineering.
- xxvi. E801070 Kitchenware and Sanitary Fixtures Installation Engineering.
- xxvii. E901010 Painting Engineering.
- xviii. E903010 Anti-Corrosion and Anti-Rust Engineering.
- xxix. EZ05010 Instrument and Meters Installation Engineering.
- lxxx. EZ06010 Traffic Marking Engineering.
- xxxi. EZ09010 Electrostatic Protection and Cancellation Engineering.
- xxii. EZ13010 Nuclear Engineering.
- xxiii. EZ15010 Warming and Cooling Maintenance Construction.

- xxiv. F113020 Wholesale of Electrical Appliances.
- xxv. F113990 Wholesale of Other Machinery and Tools.
- xxvi. F113100 Wholesale of Pollution Controlling Equipments.
- xxvii. F213010 Retail Sale of Electrical Appliances.
- xxviii. F213990 Retail Sale of Other Machinery and Tools.
- xxix. F401010 International Trade.
- xc. I501010 Product Designing.
- xc. IG03010 Energy Technical Services.
- xcii. A101020 Growing of Crops.
- xciii. A101050 Growing of Flowers.
- xciv. A102020 Agricultural Products Preparations.
- xcv. F101130 Wholesale of Vegetables and Fruits.
- xcvi. F201010 Retail Sale of Agricultural Products.
- xcvii. F501030 Beverage Shops.
- xcviii. F501060 Restaurants.
- xcix. J601010 Arts and Literature Service.
- c. J701020 Amusement Parks.
- ci. J701070 Information Recreational.
- cii. J801030 Athletics and Recreational Sports Stadium.
- ciii. J901020 Regular Hotel.
- civ. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3: The Company may provide endorsement and guarantee as needed for business purpose.
- Article 4: The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of its paid-in capital; however, long-term equity investments shall be resolved by the Board of Directors.
- Article 5: The Company shall have its head office in Taipei City, Taiwan, Republic of China, and may, when necessary, set up, cancel or change branch or representative offices inside and outside the territory of the Republic of China following the resolution of the Board of Directors.
- Article 6: Public announcements by the Company shall be made by a method in accordance with Article 28 of the Company Act.

## **Chapter 2 Shares**

- Article 7: The total capital of the Company shall be NT\$3.5 billion, divided into 350 million shares with a par value of NT\$10 each, and the Board of Directors is authorized to issue unissued shares in installments.
- The Company may issue employee stock options. A total of 5 million shares among

- the above total capital stock should be reserved for issuing employee stock options.
- Article 7-1: The subscription price of the employee stock options issued by the Company may be lower than the closing price on the issuing date, provided, however, that it must conform to applicable laws and regulations and is approved at the shareholders' meeting. The issuance of employee stock options by the Company may be registered in multiples over a period of one year from the date of the resolution of the shareholders' meeting.
- Article 7-2: Treasury stocks bought back by the Company may be granted to employees at a price lower than the average price for actual buy back of the Company's shares, provided, however, that it must conform to applicable laws and regulations and be approved at the shareholders' meeting.
- Article 7-3: Treasury stocks purchased by the Company may be transferred to employees of parents or subsidiaries of the company meeting certain specific requirements. Employee stock options of the Company may be issued to employees of parents or subsidiaries of the company meeting certain specific requirements. When the Company issues new shares, such new shares may be reserved for subscription by employees of parents or subsidiaries of the company meeting certain specific requirements.
- Employees who are entitled to receive restricted stock for employees issued by the Company may include employees of parents or subsidiaries of the company meeting certain specific requirements. For employees of parents or subsidiaries who meet the specific requirements prescribed in Paragraphs 1 to 4, the Board of Directors is authorized to determine such specific requirements.
- Article 8: The share certificates of the Company shall all be name-bearing share certificates, assigned with serial numbers, and affixed with the signature or seal of the director representing the Company, and shall be legally authenticated before issuance.
- Article 9: The Company may be exempted from printing name-bearing share certificates, provided however that it registers the issued shares with a centralized securities depository enterprise.
- Article 10: Deleted.
- Article 11: Deleted.
- Article 12: Title transfer of stocks shall be suspended, in accordance with law, within sixty days before the annual shareholders' meeting is held, within thirty days before a shareholders' provisional meeting is held, or within five days before the base date for distribution of bonuses or other benefits determined by the Company.
- Article 13: The rules governing stock affairs of the Company shall comply with applicable laws

and regulations and rules of the competent authority.

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

- Article 14: Shareholders' meetings include ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened and held by the Board of Directors once annually within six months after the end of each fiscal year according to the law. Extraordinary meetings will be held according to the law whenever necessary.
- Article 14-1: Shareholders' meetings shall be convened by written notice stating the date, place, and purpose dispatched to each shareholder at least 30 days in advance, in the case of ordinary meetings, and 15 days in advance, in the case of extraordinary meetings.
- Article 15: If the shareholders' meeting is convened by the board of directors, the chairman of the board shall preside over the meeting. If the chairman is unable to perform his/her duties due to leave of absence or for any other reason, proxy appointment shall follow Article 208 of the Company Act.
- Article 16: When a shareholder is unable to attend the shareholders' meeting for whatever the reason, the shareholder may present a proxy statement printed by the Company that states the scope of authorization, to entrust a proxy to attend the shareholders' meeting. The rules for shareholders' appointment of proxies for attendance shall follow the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as announced by the competent authority, in addition to Article 177 of the Company Act.
- Article 17: Each shareholder of the Company is entitled to one vote for each share held; however, this provision does not apply to shares subjected to laws, regulations, or restrictions.
- Article 18: Unless otherwise required by the Company Act, shareholders' resolutions shall be adopted by at least a majority of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company. In accordance with Article 177-1 of the Company Act, if required by the competent authority, a shareholder of the Company may exercise voting rights by electronic means and, if so voting, shall be deemed to be present at the meeting in person; relevant matters shall be handled in accordance with applicable laws and regulations.
- Article 19: Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chair then disseminated to each shareholder no later than 20 days after the meeting.
- The dissemination of the meeting minutes mentioned in the preceding paragraph shall be conducted in accordance with the Company Act.
- The minutes shall detail the date and venue of the meeting, the chair's name, the method of resolution, and the proceeding and results of various meeting agenda items. These minutes shall be retained for as long as the company is in existence.

The attendance log bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

#### **Chapter 4     Directors**

Article 20: The Company shall have seven to eleven directors to be elected by the shareholders' meeting from candidates with legal capacity. Each director shall hold office for a term of three years, and may continue to serve if re-elected. The aforesaid Board of Directors must have at least three independent directors, making up no less than one fifth of the board.

The candidates nomination system under Article 192-1 of the Company Act shall be adopted in director election. The implementation of relevant matters shall follow the Company Act, the Securities and Exchange Act, and applicable laws and regulations. The share ownership of all directors shall comply with the rules of the Securities and Futures Bureau of the Financial Supervisory Commission.

Article 20-1: When electing directors, each share shall be empowered with voting rights equal to the number of elected directors. These voting rights may be concentrated on one candidate or separated across a number of candidates. Candidates with the highest number of votes shall be elected as directors.  
The election of independent directors and the election of non-independent directors shall be conducted at the same time, their votes counted separately, and each of them may be so elected.

Article 20-2: Deleted.

Article 21: The directors shall organize the Board of Directors by exercising their power and authority in accordance with law. A chairman and vice chairman of the board shall be elected by a majority vote at a meeting attended by over two-thirds of the directors. The chairman externally represents the company and, when necessary, may hire several consultants following the resolution of the Board of Directors.

Article 22: Except for the first meeting of each term of the newly elected Board of Directors, which shall be convened by the director who received the largest number of votes at such election, meetings of the board shall be convened by the chairman, upon written notice sent to all other directors, at least seven days, specifying the date and place of the meeting and its agenda. However, a meeting of the board may be held at any time in case of urgent circumstances. Notifications of the Company's board meetings to each director may be in writing or via email or fax.  
The dismissal of a director must be approved by a special resolution of the shareholders' meeting.

Article 23: Unless otherwise provided for in the Company Act and this Articles of Incorporation, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

- Article 24: If a meeting is convened by the Company's Board of Directors, the chairman of the board shall preside over the meeting. If the chairman is unable to perform his/her duties due to leave of absence or for any other reason, proxy appointment shall follow Article 208 of the Company Act.
- Article 25: Each director shall attend the meeting of the board of directors in person. When a director is unable to attend a board meeting for whatever reason, the director may present a proxy statement that states the scope of authorization, to entrust another director as proxy to attend the meeting. However, each proxy may only represent one absent director.  
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 26: In compliance with Articles 14-4 of the Securities and Exchange Law, the Board of Directors of the Company shall establish an Audit Committee, which shall consist of all independent directors. The First Audit Committee was established on the day the independent directors were elected at the 2018 Shareholders' Meeting.  
The powers and authority and matters relevant to the Audit Committee and its members shall be exercised by the Audit Committee in accordance with the responsibilities of supervisors specified under the Company Act, the Securities and Exchange Act and other relevant regulations.
- Article 27: In the case that vacancies on the Board of Directors exceed one third of the total number of directors, then the Board of Directors shall convene a shareholders' meeting within sixty days to elect new directors to fill such vacancies. The new directors shall serve the remaining term of the predecessors.  
When an independent director is dismissed causing the number of independent directors to fall below the requirement specified in the Articles of Incorporation, a by-election for independent directors shall be held at the next shareholders' meeting.  
When an independent director is dismissed, the Board of Directors shall convene an extraordinary shareholders meeting within sixty days to elect a new independent director to fill such vacancy. The new independent director shall serve the remaining term of the predecessor.
- Article 28: The Board of Directors is authorized to determine the remuneration for all directors, taking into account the extent of participation in the Company's operations and value of the services provided for the management of the Company and the standards of the industry.  
The Company may authorize the Board of Directors to purchase liability insurance for all directors with respect to liabilities resulting from exercising their duties during their terms of occupancy

## **Chapter 5     Managers**

- Article 29: The Company shall have one president, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.
- Article 30: The president shall handle all business activities of the Company as designated by the Board of Directors.

## **Chapter 6     Accounting**

- Article 31: After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted by following the statutory procedures to the regular shareholders' meeting for acknowledgement.
- i. Business reports.
  - ii. Financial statements.
  - iii. Surplus distribution or loss make-up proposals.
- Article 32: In the event the Company makes a profit during the fiscal year it shall set aside three to five percent of the profits for employee remuneration, which may be distributed as cash or shares, and the remuneration for directors shall be no higher than three percent. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.
- Article 32-1: The Board of Directors shall be authorized to determine the qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash.
- If the Company reports a surplus at year end, the Company shall first pay taxes, offset accumulated losses, then set aside ten percent of the balance as the statutory surplus reserve, and set aside or reverse special surplus reserve per the provisions. After that, the balance plus the retained earnings accrued from prior years shall be reserved by the Board of Directors as distributable earnings, as needed for business purpose, and then resolved at the shareholders' meeting for distribution as dividends.
- Article 33: The Company's dividend policy distributes dividends on the basis of the business environment as a whole and industrial growth characteristics and after taking into consideration undistributed earnings, capital surpluses, financial structures, and operational factors. The purpose is to achieve stable business development and safeguard the interests and rights of investors. Earnings may be distributed by way of cash dividend or stock dividend, provided however, cash dividend shall not be lower than ten percent of the total dividends.

## **Chapter 7     Appendix**

- Article 34: In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other applicable laws and regulations shall govern.
- Article 35: The Articles of Incorporation were established on 1978/11/20.  
The first amendment was made on 1979/3/26.  
The second amendment was made on 1979/8/29.  
The third amendment was made on 1981/10/2.  
The fourth amendment was made on 1984/12/13.  
The fifth amendment was made on 1989/3/3.  
The sixth amendment was made on 1989/7/25.  
The seventh amendment was made on 1991/8/23.  
The eighth amendment was made on 1997/2/15.  
The ninth amendment was made on 1998/6/5.  
The tenth amendment was made on 1999/3/11.  
The eleventh amendment was made on 1999/6/5.  
The twelfth amendment was made on 1999/10/19.  
The thirteenth amendment was made on 2000/5/12.  
The fourteenth amendment was made on 2000/6/17.

The fifteenth amendment was made on 2001/5/31.  
The sixteenth amendment was made on 2002/6/17.  
The seventeenth amendment was made on 2003/6/17.  
The eighteenth amendment was made on 2004/6/17.  
The nineteenth amendment was made on 2005/5/18.  
The twentieth amendment was made on 2006/5/30.  
The twenty-first amendment was made on 2007/6/15.  
The twenty-second amendment was made on 2008/6/13.  
The twenty-third amendment was made on 2009/5/21.  
The twenty-fourth amendment was made on 2010/6/18.  
The twenty-fifth amendment was made on 2011/6/10.  
The twenty-sixth amendment was made on 2012/5/25.  
The twenty-seventh amendment was made on 2013/6/21.  
The twenty-eighth amendment was made on 2015/5/15.  
The twenty-ninth amendment was made on 2016/5/27.  
The thirtieth amendment was made on 2017/5/26.  
The thirty-first amendment was made on 2018/5/24.  
The thirty-second amendment was made on 2019/5/24.

**L&K Engineering Co., Ltd.**

**Chairman: Chu-Shiang Yao**



## Appendix 2

### **L&K Engineering Co., Ltd.** **Rules of Procedure for the Shareholders' Meeting**

Article 1: The Shareholders' Meeting of the Company shall be conducted in accordance with the Rules specified herein.

Article 2: The Company may furnish the attending shareholders with an attendance log to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the attendance cards collected, plus the number of shares where voting rights are exercised in writing or through electronic means.

Article 3: If the shareholders' meeting is convened by the board of directors, the chairman of the board shall preside over the meeting. If the chairman is unable to perform his/her duties due to leave of absence or for any other reason, the process shall follow Article 208 of the Company Act.

The Company may designate retained lawyers, certified public accountants or relevant personnel to attend the shareholders' meeting.

Article 4: The chair shall call the meeting to order when the attending shareholders represent a majority of the total number of issued shares. 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 still 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.

If prior to the end of the meeting the shareholders present represent at least half of the total issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 5: Agenda of a shareholders meeting called by the board shall be decided by the board. The meeting shall proceed according to the agenda unless changed by a shareholders meeting resolution.

The above provision applies mutatis mutandis to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect 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.

After the meeting is adjourned, shareholders shall not elect another chairperson to resume the meeting at the same venue or another venue.

Article 6: The chair may put the meeting in recess at appropriate times. In the occurrence of force majeure events, the chair may suspend the meeting temporarily and resume at another time.

If the shareholders' meeting is unable to conclude all scheduled agenda items (including special motions) before the venue is due to be returned, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next five days, according to Article 182 of the Company Act.

Article 7: Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topics and the shareholder's account number (or the attendance ID serial). The order of shareholders' comments shall be determined by the chair.

A shareholder present at the meeting that merely submits a statement slip without speaking is considered not to have spoken. If the contents of the statement do not conform to the contents of the statement slip, the contents of the statement shall govern. Unless given consent by the chair and the speaking shareholder, other shareholders may not interrupt when a shareholder is speaking; otherwise the chair shall stop the interruption.

Article 8: Each shareholder shall speak no more than twice, for five minutes each, on the same agenda item unless otherwise agreed by the chair. The chair may stop shareholders from speaking if they violate the rules or speak outside the agenda item under discussion.

Article 9: In the event an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.

Article 10: After a shareholder present at the meeting speaks, the chair may reply in person or assign relevant personnel to reply.

Article 11: The chair may announce to discontinue further discussion of amendments or special motions proposed during the meeting if the issue in question is considered to have been sufficiently discussed and proceed with the voting.

Where there is an amendment or an alternative for a proposal, the chair shall determine the order in which they are to be voted on with the original proposal. If any of these proposals is approved, alternative proposals shall be treated as rejected and not be voted on separately.

Article 12: Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda item is passed when supported by shareholders who represent more than half of the total voting rights in the meeting. While voting is in progress, the chair or

delegate thereof shall announce the total number of voting rights represented in the meeting for every agenda item discussed.

A shareholder shall be entitled to one vote for each share held, except for shares where voting rights are restricted as described in Article 179, Paragraph 2 of the Company Act.

When a shareholder is unable to attend the shareholders' meeting for whatever the reason, the shareholder may present a proxy statement printed by ASE that states the scope of authorization to entrust a proxy to attend the shareholders' meeting. With the exception of trust enterprises or stock affairs agencies 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, which are in excess of three percent of the voting rights represented by the total number of issued shares, are not included in the calculation.

When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a declaration of will to cancel the casting of the voting rights in the preceding paragraph shall be submitted two business days before the meeting date by the same means with which the voting rights are exercised. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Other matters relating to proxy appointment shall be handled in accordance with regulations of the competent authority.

Shareholders can not vote, or appoint proxies to vote, on any agenda items in which they have a conflict of interest that would be detrimental to the best interests of the company.

Article 13: The chairperson shall appoint monitors and ballot counters for voting on proposals. For qualifications, monitors must be shareholders. The results of each vote shall be announced on site and made into minutes.

Article 14: The chair may instruct marshals or security staff to help maintain order in the meeting. While maintaining order in the meeting, all marshals or security staff must wear arm bands which identify their roles.

Article 15: Venue of shareholders meetings shall be where the Company is located or a different location convenient for shareholders to attend and for the meeting to be held with a commencement time no earlier than 9.00 a.m. or later than 3.00 p.m.

Article 15-1: The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder

attendance registrations will be accepted, as stated in the preceding paragraph, shall be 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Article 16: The company's shareholder meetings shall be video or audio recorded and kept for at least one year.

Article 17: All matters not provided by these Rules herein shall be handled in accordance with the Company Act, relevant laws and regulations, as well as the Company's Articles of Incorporation.

Article 18: These Rules shall come into force on the approval of the shareholders' meeting, as shall any amendment.

## Appendix 3

### **L&K Engineering Co., Ltd. Articles of Incorporation Rules for Elections of Directors**

Article 1 Unless otherwise provided by law or the Company's Articles of Incorporation, the directors of the Company shall be elected and appointed in accordance with the stipulations outlined in these Rules.

Article 2 The Company shall adopt the cumulative voting method for electing directors, where each ballot shall be filled in with only one candidate. The number of votes exercisable for one share shall equal the number of directors to be elected. Shareholders may cast all their votes for a single candidate or split them among two or more candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures outlined in Article 192-1 of the Company Act. Shareholders holding at least one percent of the total number of outstanding shares issued by the Company, as well as the Board of Directors, may propose a roster of director candidates. After the Board of Directors reviews and confirms the eligibility of the candidates, the roster shall be submitted to the shareholders' meeting. Shareholders shall then elect directors from this roster of candidates.

For elections of directors at the Company, shareholders may choose to exercise their voting rights by either electronic or on-site voting.

Independent directors and non-independent directors shall be elected in the same election; however, the votes for each shall be calculated separately to elect the directors in both types.

The methods for accepting nominations of director candidates, the announcement of such nominations, and other related matters shall be handled in accordance with the applicable provisions of the Company Act and the Securities and Exchange Act.

Article 2-1 Elections and appointments of directors at the Company shall take into account the overall composition of the Board of Directors. The Company shall consider diversity in the composition of its Board of Directors and formulate a diversity policy that is appropriate for the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each member of the Board of Directors shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

- I. Ability to make sound business judgments.

- II. Ability to perform accounting and financial analysis.
- III. Ability to manage a business.
- IV. Ability to handle crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

A majority of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 2-2 The eligibility, election, and appointment of independent directors of the Company shall be governed by the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and shall be conducted in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”

Article 3 The number of directors, including independent directors, shall be as specified in the Company’s Articles of Incorporation. Candidates who receive ballots representing the highest numbers of voting rights, as determined by the ballot tally, will be elected as directors and independent directors, in accordance with their respective vote counts. In the event that two candidates receive the same number of votes, thereby exceeding the specified number of positions, they shall draw lots to determine the outcome. If any tied candidates are not present, the chair shall draw lots on their behalf.

Article 4 Ballots shall be prepared and issued by the company, numbered according to the attendance card number, and shall state the number of votes on them.

Article 5 Before an election begins, the chair shall designate multiple staff members, specifically scrutineers and tellers with shareholder status to perform their respective duties.

Article 6 The ballot boxes shall be prepared by the Board of Directors and publicly checked by the scrutineers before voting commences.

Article 7 Electors shall fill out the “Candidate” field on the ballots with the candidate’s account name and shareholder number. For candidates without shareholder status, electors shall fill in the “Candidate” field on the ballots with the candidate’s account name and ID card number. The completed ballot shall then be placed into the ballot box. If the candidate is the government or a corporate shareholder, the candidate’s field on the ballot shall be filled out with the name of the government or corporate entity; the name of its representative may also be provided. In cases of multiple representatives, the names of all additional representatives shall also be provided.

Article 8 Ballots will be considered void under any of the following circumstances:

- I. The ballot was not in the form provided by the Board of Directors.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear to the point of being indecipherable or has been altered.
- IV. The account name and shareholder number provided on the ballot do not match those listed in the shareholders' roster, if the candidate is a shareholder; or the name and ID card number provided are verified to be invalid, if the candidate is not a shareholder.
- V. There is additional information on the ballot other than the candidate's account name (or name), shareholder number (or ID card number), and the distributed voting rights.
- VI. The candidate's name written on the ballot coincides with the names of other shareholders, and no distinguishing information such as shareholder number or ID card number has been provided for identification.

Article 9 The voting rights shall be calculated on site immediately after the close of polling. The results of the tally, including the list of persons elected as directors and the numbers of votes they received, shall be announced by the chair onsite.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 10 Deleted.

Article 11 In the event of a concern regarding a ballot, the first step shall be for the scrutineers to determine its validity. Any ballot deemed void shall be set apart from the rest. The totals of such votes and their voting rights shall be tallied. Upon completion, the scrutineers shall endorse the decision to void, sign, and affix their seal to the invalidated ballot.

Article 12 After confirming the accuracy of the totals for valid ballots and invalidated ballots, the scrutineers shall document the count of valid ballots, the number of electoral votes, invalidated ballots, and voting rights on the record sheet. Thereafter, the chair shall announce the names of the elected persons and their shareholder numbers.

Article 13 The Board of Directors of the Company shall issue notifications to the persons newly elected as directors.

Article 14 These Rules, and any amendments hereto, shall be implemented following a resolution passed by a shareholders' meeting.

#### Appendix4

### L&K Engineering Co., Ltd. Status of Holdings of Directors

- i. Authorized paid-in capital: NT\$3,500,000,000  
Paid-in capital: NT\$2,325,409,290  
(based on the actual number of outstanding shares of the Company as of 2024/04/28)
- ii. According to Article 26 of the Securities and Exchange Act, all directors shall hold a minimum of 12,000,000 shares.
- iii. As of the ex-dividend date (2024/04/28), shares retained by individual and all directors are as follows:

Title	Name	Shareholding	
		Shares	%
Chairman	Shen Shen Investment Co., Ltd. Representative: Chu-Shiang Yao	24,447,835	10.49%
Directors	White Young Investment Co., Ltd. Representative: Chih-Hsun Yao	14,097,244	6.05%
Directors	Xun Huei Investment Co., Ltd. Representative: Chung-Cheng Lo	11,503,464	4.94%
Directors	Wei Ze Investment Co., Ltd. Representative: Bor-Jen Chen	9,053,483	3.89%
Directors	Tze Hung Wang	1,906,048	0.82%
Independent Director	Chien-Jan Lee	—	—
Independent Director	Tung-Hao Ho	—	—
Independent Director	Cho-Lan Peng	—	—
Total		61,008,074	

Note: The Company has established an Audit Committee to replace supervisors in accordance with Article 14-4 of the Securities and Exchange Act.