



Stock No : 5292

Desiccant Technology Co., Ltd.

2024 Annual General Meeting

Meeting Agenda

D a t e : 2 0 2 4 . 0 6 . 0 7

Location : 17F., No. 88, Jhongshan Rd., Jhongli Dist.,
Taoyuan City (Main Conference Room)

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2024 ANNUAL GENERAL MEETING ("THE AGENDA") OF Desiccant Technology Co., Ltd. ("THE COMPANY "). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY WITH THIS DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Contents

	Pages
I. Meeting Procedure	3
II. Meeting Agenda	4
1. Commencement.....	5
2. Approval Items	6
3. Discussion Items	7
4. Extraordinary Motions	8
5. Adjournment.....	8
III. Attachments.....	9
【 Attachments 1 】 Business Report for 2023.....	9
【 Attachments 2 】 Audit Committee Review Report.....	11
【 Attachments 3 】 Board Meeting Rules Amendment Comparison Table.....	12
【 Attachments 4 】 2023 Earnings Distribution Chart	13
【 Attachments 5 】 Rules of the shareholders' meeting Amendment Comparison Table	14
【 Attachments 6 】 Independent Auditors’ Report, Financial Statements for 2023.....	15
IV. Appendix.....	38
【 Appendix-1 】 Company Charter.....	38
【 Appendix-2 】 The rules of the shareholders meeting (Before Amendments)	47
【 Appendix-3 】 Board of Directors Meeting Rules (Before Amendments)	62
【 Appendix-4 】 Shareholding Status of All Directors.....	70
V. Other instructions	71

I. Meeting Procedure

Desiccant Technology Co., Ltd. 2024 Annual General Meeting Procedure

1. Commencement
2. Chairman's Address
3. Report Items
4. Approval Items
5. Discussion Items
6. Extraordinary Motions
7. Adjournment

II. Meeting Agenda

Desiccant Technology Co., Ltd.
2024 Annual General Meeting Agenda

Time : Friday, June 7, 2024 at 10:00 AM

Location : 17F., No. 88, Jhongshan Rd., Jhongli Dist., Taoyuan City (Main Conference Room)

Convening Methods : Physical Shareholders Meeting

1. Commencement
2. Chairman's Address
3. Report Items
 - (1) The Company's 2023 operating report
 - (2) 2023 audit Committee's review of the financial statements and reports.
 - (3) Proposal for employee compensation and director's remuneration distribution for 2023.
 - (4) Performance evaluation results and compensation report for directors and executives.
 - (5) Amendments to certain "Board Meeting Rules" articles.
4. Approval Items
 - (1) Approval of the operating report and financial statements for 2023
 - (2) Proposal for profit distribution for 2023.
5. Discussion Items
 - (1) Partial Amendment Proposal to the "Shareholders' Meeting Rules."
 - (2) Proposal to issue new shares through capitalization of earnings.
6. Extraordinary Motions
7. Adjournment

1. Commencement

(1) The Company's 2023 operating report

The Company's operating report for 2023 is presented for public inspection. Please refer to Attachment 1 of this handbook (pages 9-10) for the 2023 Company's operating report.

(2) 2023 audit Committee's review of the financial statements and reports

The Audit Committee's audit report on the financial statements for 2023 is presented for public inspection. Please refer to Attachment 2 of this handbook (page 11) for the Company's Audit Committee audit report for 2023

(3) Proposal for employee compensation and director's remuneration distribution for 2023.

The Company's profit distribution plan for employee compensation and director remuneration 2023 is presented for public inspection. Following the provisions of the company's articles of association and the profitability for 2023, NT\$414,984,230 from the pre-tax net profit, which is not included in employee compensation and director remuneration, is allocated as follows, and the entire amount will be distributed in cash. Unit : NT\$

Type	Provision Ratio	Provision Amount
Employee compensation	6.0%	24,899,054
Director remuneration	1.2%	4,979,811
Total		29,878,865

(4) Performance evaluation results and compensation report for directors and executives.

The individual performance evaluation results of the company's directors and managers, along with the details and amounts of individual salary compensation and the relevance and reasonableness of the performance evaluation results, all comply

with the "Performance Evaluation and Salary Compensation Policy for Directors and Managers."

(5) Amendments to specific "Board Meeting Rules" articles.

The proposed amendment to specific articles of the company's "Board Meeting Rules" is presented for public inspection. Specific articles have been amended by the Financial Supervisory Commission's letter No. 1120383996, issued on January 11, 2024. Please refer to Attachment 3 of this manual to compare the amended articles before and after the revisions (page 12).

2. Approval Items

(1) Approval of the operating report and financial statements for 2023(Proposed by the Board of Directors)

The financial statements for 2023, including the balance sheet, income statement, statement of changes in equity, and statement of cash flows, have been audited by the accounting firm Deloitte & Touche, certified public accountants Ms. Li-huang and Mr. Guo Nai-hua. The business report and profit distribution table have been submitted to the Audit Committee for review and approval. Please refer to Attachment 1~2 (pages 9-11), Attachment 4 (pages 13), and Attachment 6 (pages 15-37) of this manual. It is now proposed for approval at this shareholder meeting.

Resolution :

(2) Proposal for profit distribution for 2023

- 1) The Company's profit distribution plan for 2023 is presented for public inspection. According to the Company's articles of association, the Board of Directors is authorized to decide on the distribution of cash dividends.
- 2) For this profit distribution, the company plans to distribute cash dividends of NT\$4.5 per share to shareholders and stock dividends of NT\$1.0 per share based on the proportion of shares held by shareholders as recorded in the shareholders'

register on the record date.

- 3) Any fractional cash dividends less than one New Taiwan Dollar will be recorded as other company income.
- 4) The ex-dividend date and the dividend payment date are proposed to be determined by the Board of Directors with authorization from the shareholders' meeting.
- 5) For the profit distribution table, Please refer to Attachment 4 of this handbook (page 13).

Resolution :

3. Discussion Items

- (1) Partial Amendment Proposal to the "Shareholders' Meeting Rules."
(Proposed by the Board of Directors)

According to letter No. 1120004167 issued by the Financial Supervisory Commission on March 17, 2023, amendments have been made to specific articles, along with a comparative table of the amended articles. For details, please refer to Attachment 5 (page 14) of this manual.

Resolution :

- (2) Proposal for Capital Increase through Retained Earnings and Issuance of New Shares by the Company (Proposed by the Board of Directors)

- 1) The company proposes to increase its capital by issuing new shares using the distributable dividends for the fiscal year 2023, amounting to NT\$34,800,000, divided into 3,480,000 shares, with a par value of NT\$10 per share. Shareholders will receive 100 shares for every 1,000 held, based on the shareholding proportion recorded in the shareholders' register on the allocation reference date. Shareholders with fractional shares of less than one whole share may purchase additional shares to make up the difference within five days from the ex-rights date. Any remaining fractional shares not covered by shareholders

will be rounded down to the nearest whole unit and converted into cash (rounding down to the nearest whole unit). The Chairman can negotiate with individuals to purchase fractional shares at face value.

- 2) It is proposed that the Board of Directors set a new allocation reference date and capital increase reference date after obtaining approval from the competent authority for this capital increase proposal.
- 3) Subsequently, if the outstanding shares change due to changes in the share capital that affect the shareholders' allocation rate and require adjustments, the Board of Directors is proposed to be authorized to handle them with full authority.
- 4) If any amendments or revisions to the aforementioned matters are approved by the competent authority or necessitated by factual circumstances, it is proposed to authorize the Board of Directors to handle them with full authority.
- 5) The rights and obligations of the newly issued ordinary shares in this offering are identical to those of the original shares.

Resolution :

4. Extraordinary Motions

5. Adjournment

III. Attachments

【Attachments 1】 Business Report for 2023

Desiccant Technology Co., Ltd. Annual Report for the Year 2023

Dear Shareholders,

We are pleased to report that our company achieved a consolidated operating revenue of NTD 2,090,028 thousand for 2023, representing an increase of 3.69% compared to 2022. Our consolidated net profit after tax reached NTD 305,145 thousand, marking a growth of 26.11% from the previous year—earnings per share after tax amounted to NTD 9.75. In recognition of this performance, we are pleased to announce a cash dividend of NTD 4.5 per share and a stock dividend of NTD 1.0 per share.

Despite the formidable challenges of the Ukraine-Russia conflict and inflation, our company's resilience shone through. The semiconductor industry, grappling with inventory adjustment challenges due to the uncertainty of global supply chains, saw steady demand for chips driven by the subsequent demand for high-speed computing and artificial intelligence applications. We deftly optimized our product portfolio and enhanced cost competitiveness to weather the impact of the external environment on revenue. Thanks to the unwavering efforts of our team, we not only survived but thrived, achieving significant growth in profitability in 2023.

In January 2023, the Legislative Yuan passed the Climate Change Adaptation Act, officially incorporating the "Net Zero Emissions by 2050" goal into law. This act demonstrates the government's commitment to achieving net zero emissions. It encourages businesses to balance their operations with environmental considerations. Two major semiconductor foundries have joined the RE100 global renewable energy initiative, aiming to achieve net zero emissions by 2040-2050 and inviting suppliers to set carbon reduction targets.

At the heart of our operations lies a steadfast commitment to sustainable development (ESG) and corporate social responsibility. The global aspiration to reduce carbon dioxide emissions is a shared goal of humanity, and we are proud to be part of this collective effort. To synchronize with global environmental protection efforts and protect and improve the environment for human survival on Earth, we collaborate with overseas professional companies, domestic research and development institutions, and academic units to develop relevant equipment and systems to meet the increasing market demands.

Environmental micro-pollution in the semiconductor industry is crucial for quality and yield. Therefore, we actively invest in research and development to continuously optimize and innovate our existing VOC control systems. Additionally, we plan to explore the possibility of introducing fuel cell technology from the Industrial Technology Research Institute and collaborate with Chung Yuan Christian University to develop gasification furnace systems (green hydrogen) and independently research and develop nano-level Chemical Filter systems, thereby enhancing the breadth of our company's applications in the field of energy and environmental air treatment systems.

Finally, we thank all shareholders for their unwavering support in helping us achieve our goals. Your support and recognition are invaluable to us, and we look forward to continuing this journey together.

Best wishes to all shareholders for good health and prosperity.

Chairman: SHIH-CHIH, CHENG

Annual Business Report for the Year 2023 (Consolidated)

I 、Implementation Results of Business Plan

Unit: Thousand New Taiwan Dollars

Item	2023		2022		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Revenue	2,090,028	100	2,015,734	100	74,294	3.69%
Gross Porfit	517,433	25	410,997	20	106,436	25.90%
Operating Profit	356,394	17	249,991	12	106,403	42.56%
Pre-tax Net Profit	393,197	19	299,864	15	93,333	31.13%

II 、Financial Revenue and Profitability Analysis：

The company's financial revenue and expense situation for 2023 was good, with earnings per share of 9.75 NT dollars. The profitability analysis is as follows:

Analysis Item \ Year			2023
Financial Structure (%)	Debt-to-Asset Ratio	A	47.26
	Long-Term Funds to Fixed Assets Ratio	B	399.96
Debt Payment Ability	Current Ratio (%)	C	182.87
	Quick Ratio (%)	D	167.64
	Interest Coverage Ratio (Times)	E	3,511.69
Profitability	Return on Assets (%)	F	12.12
	Return on Equity (%)	G	25.63
	Pain-in Capital Ratio (%)	Operation Profit Ratio	102.41
		Pre-tax Net Profit Ratio	112.99
	Net profit margin (%)		14.60
	Basic Earning per Share (NTD)		9.75

Chair Man：

Manager：

Lead Accountant

【Attachments 2】 Audit Committee Review Report

Audit Committee Review Report

The Board of Directors has prepared the Company's financial statements for 2023, including the business report, financial statements, and profit distribution proposal. The financial statements were audited and certified by Lee Li-Huang and Kuo Nai-Hua, Certified Public Accountants of Deloitte & Touche, LLP, as commissioned by the Board of Directors.

Our Audit Committee has reviewed the business report, financial statements, and profit distribution proposal, and no discrepancies were found. Therefore, we submit this report according to Articles 14-4 of the Securities Exchange Act and Article 219 of the Company Act.

Chairperson of the Audit Committee: Zhang Rong Ming

March 13, 2024

**【 Attachments 3 】 Board Meeting Rules Amendment Comparison
Table**

Desiccant Technology Co., Ltd.

Board Meeting Rules Amendment Comparison Table

Original		Amendment		Note
Articles	Content	Articles	Content	
8	8.3 If half of the directors are absent from the meeting time, the chairman may announce a postponement of the meeting.	8	8.3 If half of the directors are absent from the meeting time, the chairman may announce a postponement of the meeting on the same day.	According to the Financial Supervisory Commission's letter with reference number 1120393996
10	<p>10.1 The agenda for board meetings should be followed according to the meeting notice, but the chairman may change it with the consent of more than half of the attending directors.</p> <p>10.2 The chairman may not adjourn the meeting before the scheduled agenda (including ad-hoc motions) is completed unless more than half of the attending directors agree.</p> <p>10.3 If less than half of the attending directors are present at the meeting, the chairman should announce a temporary adjournment of the meeting if proposed by an attending director, and Article 8, item 3 of these meeting rules shall apply.</p>	10	<p>10.1 The agenda for board meetings should be followed according to the meeting notice, but the chairman may change it with the consent of more than half of the attending directors.</p> <p>10.2 The chairman may not adjourn the meeting before the scheduled agenda (including ad-hoc motions) is completed unless more than half of the attending directors agree.</p> <p>10.3 If less than half of the attending directors are present at the meeting, the chairman should announce a temporary adjournment if proposed by an attending director, and Article 8, item 3 of these meeting rules shall apply.</p> <p><u>10.4 During the proceedings of a board meeting, if the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to announce the adjournment in accordance with the provisions of the second paragraph of this article, the appointment of a proxy shall be conducted in accordance with the provisions of Article 10, Paragraph 3 of these Rules of Procedure.</u></p>	According to the Financial Supervisory Commission's letter with reference number 1120393996

【 Attachments 4 】 2023 Earnings Distribution Chart

Desiccant Technology Co.,Ltd. PROFIT DISTRIBUTION TABLE YEAR 2023

		(Unit : NTD \$)
Items	Total	Note
Beginning retained earnings	377,425,186	
Add:Actuarial Gain (Loss) on Defined Benefit Plans	235,781	A
Adjusted un-appropriated retained earnings	377,660,967	
Add: net profit after tax	305,144,551	B
Less: Special reserves	(2,947,805)	
10% legal reserve	(30,538,033)	C=(A+B)*10%
Distributable net profit	649,319,680	
Distributable items:		
Cash Dividends to Shareholders	(156,600,000)	NT\$ 4.5 per share
Stock Dividends to Shareholders	(34,800,000)	NT\$ 1.0 per share
Un-appropriated retained earnings after distribution	457,919,680	

Chair Man :

Manager :

Lead Accountant

【Attachments 5】 Rules of the shareholders' meeting Amendment Comparison Table

Desiccant Technology Co., Ltd.

Rules of the shareholders' meeting Amendment Comparison Table

Original		Amendment		Note
Articles	Contents	Articles	Contents	
2	2.1 The company's shareholders' meeting shall be convened by the board of directors unless otherwise provided by laws or the articles of incorporation.	2	2.1 The company's shareholders' meeting shall be convened by the board of directors unless otherwise provided by laws or the articles of incorporation. <u>The company convenes a video conference for shareholders' meetings. Unless otherwise specified in the Regulations Governing the Administration of Stock Affairs of Public Companies and stipulated in the articles of incorporation, such meetings should be explicitly stated in the articles of incorporation and resolved by the board of directors. Resolutions for video conferences of shareholders should be implemented based on the approval of two-thirds or more of the attending directors and the agreement of more than half of the attending directors.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference shall be subject to a special resolution.
5		5	5.9.3 For <u>virtual shareholders' meetings, appropriate alternative measures shall be provided for shareholders who face difficulties participating through virtual means. Except in the situations specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Corporate Stock Affairs of Publicly Issued Companies, the company shall provide at least the necessary shareholder connection equipment and assistance. It shall also specify the period during which shareholders may apply to the company and other relevant matters that require attention.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference requires providing shareholders with necessary assistance.
21	When the company convenes a video conference shareholders' meeting, appropriate alternative measures should be provided for shareholders who encounter difficulties in attending the meeting via video conference.	21	When the company convenes a video conference shareholders' meeting, appropriate alternative measures should be provided for shareholders who encounter difficulties attending. <u>In addition to the situations specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Corporate Stock Affairs of Publicly Issued Companies, the company shall provide at least shareholder connection equipment and necessary assistance. It shall also specify the period during which shareholders may apply to the company and other relevant matters that require attention.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference requires providing shareholders with necessary assistance.

【 Attachments 6 】 Independent Auditors’ Report, Financial Statements for 2023

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Desiccant Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Desiccant Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. The matter was addressed in the context of our audit of

the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Construction Revenue Recognition

The Group mainly engages in the design, engineering and installation of systems. The revenue of the Group's constructions is based on the percentage of completion method and is calculated based on the degree of completion during the contract period. The estimated total project cost and contract items are evaluated and judged by the management with respect to the nature of different projects, estimated contract amounts, engineering periods, engineering work and work methods, etc. However, due to the long contract periods, the contracts are susceptible to fluctuations in raw material and labor prices and additions and deletions of projects, which make them subject to inherent risks of complexity. Due to the nature of subjective estimation, errors could exist in calculation of construction revenue based on the percentage of completion method for some projects, or leading to a significant impacts on inaccurate revenue presentation in each period, the estimation of total construction cost for project contracts is a significant estimation and judgment. Therefore, it is identified as key audit matter.

Refer to Note 4(m), 5 and 24 of the consolidated financial statements for the accounting policy , accounting estimates and assumptions uncertainties, and relevant disclosures relating to construction revenue recognition.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and implementation of internal controls over estimating total construction cost.
2. We selected samples and performed tests of details to verify the the reasonableness of the estimated total construction cost.

Other Matter

We have also audited the parent company only financial statements of Desiccant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee. and Nai-Hua Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,162,953	42	\$ 772,617	34
Financial assets at fair value through profit or loss – current (Notes 7 and 32)	224,069	8	75,252	3
Financial assets at amortised cost – current (Notes 9 and 34)	1,819	-	1,800	-
Contract assets – current (Note 24)	313,010	11	268,040	12
Notes receivable (Notes 10 and 24)	12,170	1	7,811	-
Trade receivables (Notes 10 and 24)	398,574	15	358,061	16
Other receivables (Note 10)	1,724	-	1,363	-
Current tax assets (Note 26)	-	-	10	-
Inventories (Note 11)	165,749	6	292,135	13
Prepayments (Note 17)	26,327	1	68,044	3
Other current financial assets (Notes 17 and 34)	-	-	10,172	-
Total current assets	2,306,395	84	1,855,305	81
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8 and 32)	423	-	423	-
Contract assets - non-current (Note 24)	19,761	1	76	-
Property, plant and equipment (Notes 13 and 34)	374,163	14	357,962	16
Investment properties (Note 15)	39,784	1	43,850	2
Other intangible assets (Note 16)	2,820	-	8,370	-
Deferred tax assets (Note 26)	11,586	-	10,455	1
Refundable deposits (Note 17 and 33)	2,809	-	1,775	-
Total non-current assets	451,346	16	422,911	19
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 21,633	1	\$ 36,844	2
Contract liabilities - current (Note 24)	746,908	27	733,528	32
Notes payable (Note 19)	162,271	6	256,394	11
Trade payables (Note 19)	152,222	5	125,931	5
Other payables (Notes 20)	103,120	4	107,479	5
Current tax liabilities (Note 26)	51,620	2	36,512	2
Provisions - current (Note 21)	21,877	1	21,288	1
Other current liabilities (Note 20)	1,593	-	1,200	-
Total current liabilities	1,261,244	46	1,319,176	58
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 26)	28,149	1	17,618	1
Net defined benefit liabilities - non-current (Note 22)	13,809	-	14,097	-
Other non-current liabilities (Note 20)	144	-	430	-
Total non-current liabilities	42,102	1	32,145	1
Total liabilities	1,303,346	47	1,351,321	59
EQUITY (Note 23 and 28)				
Ordinary shares	348,000	13	308,000	14
Capital surplus	335,473	12	58,006	3
Retained earnings				
Legal reserve	91,066	3	66,587	3
Special reserve	18,038	1	19,418	1
Unappropriated earnings	682,805	25	492,923	21
Total retained earnings	791,909	29	578,928	25
Other Equity	(20,987)	(1)	(18,039)	(1)
Total equity	1,454,395	53	926,895	41
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24)				
Sales	\$ 32,439	2	\$ 38,950	2
Construction revenue	1,805,804	86	1,679,038	83
Repair and maintenance service	<u>251,785</u>	<u>12</u>	<u>297,746</u>	<u>15</u>
Total operating revenue	<u>2,090,028</u>	<u>100</u>	<u>2,015,734</u>	<u>100</u>
OPERATING COSTS (Notes 11 and 25)				
Cost of sales	(20,134)	(1)	(18,285)	(1)
Construction costs	(1,424,401)	(68)	(1,435,040)	(71)
Repair and maintenance costs	<u>(128,060)</u>	<u>(6)</u>	<u>(151,412)</u>	<u>(8)</u>
Total operating costs	<u>(1,572,595)</u>	<u>(75)</u>	<u>(1,604,737)</u>	<u>(80)</u>
GROSS PROFIT	<u>517,433</u>	<u>25</u>	<u>410,997</u>	<u>20</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	(7,217)	-	(12,257)	(1)
General and administrative expenses	(87,231)	(4)	(82,283)	(4)
Research and development expenses	(70,417)	(4)	(66,478)	(3)
Expected credit gain (Note 10 and 24)	<u>3,826</u>	<u>-</u>	<u>12</u>	<u>-</u>
Total operating expenses	<u>(161,039)</u>	<u>(8)</u>	<u>(161,006)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>356,394</u>	<u>17</u>	<u>249,991</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	14,974	1	4,081	1
Other income	1,890	-	3,438	-
Other gains and losses	20,051	1	42,420	2
Finance costs	<u>(112)</u>	<u>-</u>	<u>(66)</u>	<u>-</u>
Total non-operating income and expenses	<u>36,803</u>	<u>2</u>	<u>49,873</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	393,197	19	299,864	15
INCOME TAX EXPENSE (Note 26)	<u>(88,052)</u>	<u>(5)</u>	<u>(57,895)</u>	<u>(3)</u>
NET PROFIT	<u>305,145</u>	<u>14</u>	<u>241,969</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	\$ 295	-	\$ 3,522	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	(59)	-	(704)	-
	<u>236</u>	<u>-</u>	<u>2,818</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 23)	(3,685)	-	1,725	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 23 and 26)	737	-	(345)	-
	<u>(2,948)</u>	<u>-</u>	<u>1,380</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>(2,712)</u>	<u>-</u>	<u>4,198</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 302,433</u>	<u>14</u>	<u>\$ 246,167</u>	<u>12</u>
EARNINGS PER SHARE (Note 27)				
From continuing and discontinued operations				
Basic	<u>\$ 9.75</u>		<u>\$ 7.90</u>	
Diluted	<u>\$ 9.67</u>		<u>\$ 7.82</u>	

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2022	\$ 268,000	\$ 9,990	\$ 52,182	\$ 19,010	\$ 332,949	\$ (19,419)	\$ 662,712
Appropriation of 2021 earnings (Note 23)							
Legal reserve	-	-	14,405	-	(14,405)	-	-
Special reserve	-	-	-	408	(408)	-	-
Cash dividends distributed by the Company	-	-	-	-	(42,000)	-	(42,000)
Share dividends distributed by the Company	28,000	-	-	-	(28,000)	-	-
Issuance of ordinary shares for cash	12,000	48,000	-	-	-	-	60,000
Net profit for the year ended December 31, 2022	-	-	-	-	241,969	-	241,969
Other comprehensive income (loss) for the year ended December 31, 2022 (Note 23)	-	-	-	-	2,818	1,380	4,198
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	244,787	1,380	246,167
Other changes in capital surplus	-	16	-	-	-	-	16
BALANCE, DECEMBER 31, 2022	308,000	58,006	66,587	19,418	492,923	(18,039)	926,895
Appropriation of 2022 earnings (Note 23)							
Legal reserve	-	-	24,479	-	(24,479)	-	-
Special reserve	-	-	-	(1,380)	1,380	-	-
Cash dividends distributed by the Company	-	-	-	-	(92,400)	-	(92,400)
Shares-based payment arrangements (Note 28)	-	4,364	-	-	-	-	4,364
Issuance of ordinary shares for cash	40,000	273,103	-	-	-	-	313,103
Net profit for the year ended December 31, 2023	-	-	-	-	305,145	-	305,145
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 23)	-	-	-	-	236	(2,948)	(2,712)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	305,381	(2,948)	302,433
BALANCE, DECEMBER 31, 2023	\$ 348,000	\$ 335,473	\$ 91,066	\$ 18,038	\$ 682,805	\$ (20,987)	\$ 1,454,395

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 393,197	\$ 299,864
Adjustments for:		
Depreciation expense	20,750	21,991
Amortization expense	5,721	6,103
Expected credit loss reversed	(3,826)	(12)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,832)	(206)
Finance costs	112	66
Interest income	(14,974)	(4,081)
Dividend income	(76)	-
Share-based payments	4,364	-
Gain on disposal of property, plant and equipment	(48)	(2)
Write-down of inventories	2,667	-
Reversal of write-down of inventories	-	(2,048)
Changes in operating assets and liabilities		
Contract assets	(62,756)	(65,471)
Notes receivable	(4,359)	4,105
Trade receivables	(38,422)	(26,947)
Other receivables	(273)	(769)
Inventories	123,571	(101,163)
Prepayments	41,717	(34,650)
Contract liabilities	13,380	302,429
Notes payable	(94,123)	73,724
Trade payables	26,291	2,798
Other payables	(3,585)	31,917
Provisions	589	4,103
Other current liabilities	393	34
Net defined benefit liabilities	7	352
Cash generated from operations	408,485	512,137
Interest received	14,886	3,076
Interest paid	(119)	(59)
Income tax paid	(62,856)	(44,021)
Net cash generated from operating activities	360,396	471,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(19)	-
Proceeds from sale of financial assets at amortized cost	-	15,003
Purchase of financial assets at fair value through profit or loss	(148,000)	(46,000)
Proceeds from sale of financial assets at fair value through profit or loss	1,015	-
Payments for property, plant and equipment	(34,189)	(7,560)
Proceeds from disposal of property, plant and equipment	48	2
Increase in refundable deposits	(1,034)	-
	(Continued)	

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	-	378
Payments for intangible assets	(171)	(198)
Decrease in other financial assets	10,172	4,087
Other dividends received	<u>76</u>	<u>-</u>
Net cash used in investing activities	<u>(172,102)</u>	<u>(34,288)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease from short-term borrowings	(15,211)	(34,914)
Increase in guarantee deposits received	-	85
Decrease in guarantee deposits received	(286)	-
Dividends paid to owners of the Company	(92,400)	(42,000)
Proceeds from issuance of ordinary shares	313,103	60,000
Imposition of disgorgement	<u>-</u>	<u>16</u>
Net cash generated from/(used in) financing activities	<u>205,206</u>	<u>(16,813)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,164)</u>	<u>1,440</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	390,336	421,472
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>772,617</u>	<u>351,145</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,162,953</u>	<u>\$ 772,617</u>

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Desiccant Technology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Desiccant Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DESICCANT TECHNOLOGY CORPORATION

By

CHENG, SHIH-CHIH
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Desiccant Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Desiccant Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Construction Revenue Recognition

The Group mainly engages in the design, engineering and installation of systems. The revenue of the Group's constructions is based on the percentage of completion method and is calculated based on the degree of completion during the contract period. The estimated total project cost and contract items are evaluated and judged by the management with respect to the nature of different projects, estimated contract amounts, engineering periods, engineering work and work methods, etc. However, due to the long contract periods, the contracts are susceptible to fluctuations in raw material and labor prices and additions and deletions of projects, which make them subject to inherent risks of complexity. Due to the nature of subjective estimation, errors could exist in calculation of construction revenue based on the percentage of completion method for some projects, or leading to a significant impacts on inaccurate revenue presentation in each period, the estimation of total construction cost for project contracts is a significant estimation and judgment. Therefore, it is identified as key audit matter.

Refer to Note 4(m), 5 and 24 of the consolidated financial statements for the accounting policy, accounting estimates and assumptions uncertainties, and relevant disclosures relating to construction revenue recognition.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and implementation of internal controls over estimating total construction cost.
2. We selected samples and performed tests of details to verify the reasonableness of the estimated total construction cost.

Other Matter

We have also audited the parent company only financial statements of Desiccant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued

into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee. and Nai-Hua Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,162,953	42	\$ 772,617	34
Financial assets at fair value through profit or loss – current (Notes 7 and 32)	224,069	8	75,252	3
Financial assets at amortised cost – current (Notes 9 and 34)	1,819	-	1,800	-
Contract assets – current (Note 24)	313,010	11	268,040	12
Notes receivable (Notes 10 and 24)	12,170	1	7,811	-
Trade receivables (Notes 10 and 24)	398,574	15	358,061	16
Other receivables (Note 10)	1,724	-	1,363	-
Current tax assets (Note 26)	-	-	10	-
Inventories (Note 11)	165,749	6	292,135	13
Prepayments (Note 17)	26,327	1	68,044	3
Other current financial assets (Notes 17 and 34)	-	-	10,172	-
Total current assets	2,306,395	84	1,855,305	81
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8 and 32)	423	-	423	-
Contract assets - non-current (Note 24)	19,761	1	76	-
Property, plant and equipment (Notes 13 and 34)	374,163	14	357,962	16
Investment properties (Note 15)	39,784	1	43,850	2
Other intangible assets (Note 16)	2,820	-	8,370	-
Deferred tax assets (Note 26)	11,586	-	10,455	1
Refundable deposits (Note 17 and 33)	2,809	-	1,775	-
Total non-current assets	451,346	16	422,911	19
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 21,633	1	\$ 36,844	2
Contract liabilities - current (Note 24)	746,908	27	733,528	32
Notes payable (Note 19)	162,271	6	256,394	11
Trade payables (Note 19)	152,222	5	125,931	5
Other payables (Notes 20)	103,120	4	107,479	5
Current tax liabilities (Note 26)	51,620	2	36,512	2
Provisions - current (Note 21)	21,877	1	21,288	1
Other current liabilities (Note 20)	1,593	-	1,200	-
Total current liabilities	1,261,244	46	1,319,176	58
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 26)	28,149	1	17,618	1
Net defined benefit liabilities - non-current (Note 22)	13,809	-	14,097	-
Other non-current liabilities (Note 20)	144	-	430	-
Total non-current liabilities	42,102	1	32,145	1
Total liabilities	1,303,346	47	1,351,321	59
EQUITY (Note 23 and 28)				
Ordinary shares	348,000	13	308,000	14
Capital surplus	335,473	12	58,006	3
Retained earnings				
Legal reserve	91,066	3	66,587	3
Special reserve	18,038	1	19,418	1
Unappropriated earnings	682,805	25	492,923	21
Total retained earnings	791,909	29	578,928	25
Other Equity	(20,987)	(1)	(18,039)	(1)
Total equity	1,454,395	53	926,895	41
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24)				
Sales	\$ 32,439	2	\$ 38,950	2
Construction revenue	1,805,804	86	1,679,038	83
Repair and maintenance service	<u>251,785</u>	<u>12</u>	<u>297,746</u>	<u>15</u>
Total operating revenue	<u>2,090,028</u>	<u>100</u>	<u>2,015,734</u>	<u>100</u>
OPERATING COSTS (Notes 11 and 25)				
Cost of sales	(20,134)	(1)	(18,285)	(1)
Construction costs	(1,424,401)	(68)	(1,435,040)	(71)
Repair and maintenance costs	<u>(128,060)</u>	<u>(6)</u>	<u>(151,412)</u>	<u>(8)</u>
Total operating costs	<u>(1,572,595)</u>	<u>(75)</u>	<u>(1,604,737)</u>	<u>(80)</u>
GROSS PROFIT	<u>517,433</u>	<u>25</u>	<u>410,997</u>	<u>20</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	(7,217)	-	(12,257)	(1)
General and administrative expenses	(87,231)	(4)	(82,283)	(4)
Research and development expenses	(70,417)	(4)	(66,478)	(3)
Expected credit gain (Note 10 and 24)	<u>3,826</u>	<u>-</u>	<u>12</u>	<u>-</u>
Total operating expenses	<u>(161,039)</u>	<u>(8)</u>	<u>(161,006)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>356,394</u>	<u>17</u>	<u>249,991</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	14,974	1	4,081	1
Other income	1,890	-	3,438	-
Other gains and losses	20,051	1	42,420	2
Finance costs	<u>(112)</u>	<u>-</u>	<u>(66)</u>	<u>-</u>
Total non-operating income and expenses	<u>36,803</u>	<u>2</u>	<u>49,873</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	393,197	19	299,864	15
INCOME TAX EXPENSE (Note 26)	<u>(88,052)</u>	<u>(5)</u>	<u>(57,895)</u>	<u>(3)</u>
NET PROFIT	<u>305,145</u>	<u>14</u>	<u>241,969</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	\$ 295	-	\$ 3,522	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	(59)	-	(704)	-
	<u>236</u>	<u>-</u>	<u>2,818</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 23)	(3,685)	-	1,725	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 23 and 26)	737	-	(345)	-
	<u>(2,948)</u>	<u>-</u>	<u>1,380</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>(2,712)</u>	<u>-</u>	<u>4,198</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 302,433</u>	<u>14</u>	<u>\$ 246,167</u>	<u>12</u>
EARNINGS PER SHARE (Note 27)				
From continuing and discontinued operations				
Basic	<u>\$ 9.75</u>		<u>\$ 7.90</u>	
Diluted	<u>\$ 9.67</u>		<u>\$ 7.82</u>	

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2022	\$ 268,000	\$ 9,990	\$ 52,182	\$ 19,010	\$ 332,949	\$ (19,419)	\$ 662,712
Appropriation of 2021 earnings (Note 23)							
Legal reserve	-	-	14,405	-	(14,405)	-	-
Special reserve	-	-	-	408	(408)	-	-
Cash dividends distributed by the Company	-	-	-	-	(42,000)	-	(42,000)
Share dividends distributed by the Company	28,000	-	-	-	(28,000)	-	-
Issuance of ordinary shares for cash	12,000	48,000	-	-	-	-	60,000
Net profit for the year ended December 31, 2022	-	-	-	-	241,969	-	241,969
Other comprehensive income (loss) for the year ended December 31, 2022 (Note 23)	-	-	-	-	2,818	1,380	4,198
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	244,787	1,380	246,167
Other changes in capital surplus	-	16	-	-	-	-	16
BALANCE, DECEMBER 31, 2022	308,000	58,006	66,587	19,418	492,923	(18,039)	926,895
Appropriation of 2022 earnings (Note 23)							
Legal reserve	-	-	24,479	-	(24,479)	-	-
Special reserve	-	-	-	(1,380)	1,380	-	-
Cash dividends distributed by the Company	-	-	-	-	(92,400)	-	(92,400)
Shares-based payment arrangements (Note 28)	-	4,364	-	-	-	-	4,364
Issuance of ordinary shares for cash	40,000	273,103	-	-	-	-	313,103
Net profit for the year ended December 31, 2023	-	-	-	-	305,145	-	305,145
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 23)	-	-	-	-	236	(2,948)	(2,712)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	305,381	(2,948)	302,433
BALANCE, DECEMBER 31, 2023	\$ 348,000	\$ 335,473	\$ 91,066	\$ 18,038	\$ 682,805	\$ (20,987)	\$ 1,454,395

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 393,197	\$ 299,864
Adjustments for:		
Depreciation expense	20,750	21,991
Amortization expense	5,721	6,103
Expected credit loss reversed	(3,826)	(12)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,832)	(206)
Finance costs	112	66
Interest income	(14,974)	(4,081)
Dividend income	(76)	-
Share-based payments	4,364	-
Gain on disposal of property, plant and equipment	(48)	(2)
Write-down of inventories	2,667	-
Reversal of write-down of inventories	-	(2,048)
Changes in operating assets and liabilities		
Contract assets	(62,756)	(65,471)
Notes receivable	(4,359)	4,105
Trade receivables	(38,422)	(26,947)
Other receivables	(273)	(769)
Inventories	123,571	(101,163)
Prepayments	41,717	(34,650)
Contract liabilities	13,380	302,429
Notes payable	(94,123)	73,724
Trade payables	26,291	2,798
Other payables	(3,585)	31,917
Provisions	589	4,103
Other current liabilities	393	34
Net defined benefit liabilities	7	352
Cash generated from operations	408,485	512,137
Interest received	14,886	3,076
Interest paid	(119)	(59)
Income tax paid	(62,856)	(44,021)
Net cash generated from operating activities	360,396	471,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(19)	-
Proceeds from sale of financial assets at amortized cost	-	15,003
Purchase of financial assets at fair value through profit or loss	(148,000)	(46,000)
Proceeds from sale of financial assets at fair value through profit or loss	1,015	-
Payments for property, plant and equipment	(34,189)	(7,560)
Proceeds from disposal of property, plant and equipment	48	2
Increase in refundable deposits	(1,034)	-

(Continued)

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	-	378
Payments for intangible assets	(171)	(198)
Decrease in other financial assets	10,172	4,087
Other dividends received	<u>76</u>	<u>-</u>
Net cash used in investing activities	<u>(172,102)</u>	<u>(34,288)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease from short-term borrowings	(15,211)	(34,914)
Increase in guarantee deposits received	-	85
Decrease in guarantee deposits received	(286)	-
Dividends paid to owners of the Company	(92,400)	(42,000)
Proceeds from issuance of ordinary shares	313,103	60,000
Imposition of disgorgement	<u>-</u>	<u>16</u>
Net cash generated from/(used in) financing activities	<u>205,206</u>	<u>(16,813)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,164)</u>	<u>1,440</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	390,336	421,472
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>772,617</u>	<u>351,145</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,162,953</u>	<u>\$ 772,617</u>

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

IV. Appendix

【Appendix-1】 Company Charter

Desiccant Technology Co., Ltd. Company Charter

Chapter 1 General Provisions

Article 1: The company, organized by the Company Law, is named " Desiccant Technology Co., Ltd."

Article 2: The business scope of the company includes the following :

- 1 、 E602011 Refrigeration and air conditioning engineering.
- 2 、 CA02010 Manufacture of metal structures and building components.
- 3 、 CB01010 Manufacture of mechanical equipment.
- 4 、 CB01030 Manufacture of pollution prevention and control equipment.
- 5 、 CB01990 Other machinery manufacturing.
- 6 、 CC01010 Manufacture of machinery for power generation, transmission, and distribution.
- 7 、 CE01010 General instrument manufacturing.
- 8 、 D401010 Thermal energy supply.
- 9 、 F107990 Wholesale of other chemical products.
- 10 、 F113030 Wholesale of precision instruments.
- 11 、 F113100 Wholesale of pollution prevention and control equipment.
- 12 、 F401010 International trade.
- 13 、 IG03010 Energy technology services.
- 14 、 J101050 Environmental testing services.
- 15 、 J101060 Waste (pollution) water treatment.
- 16 、 ZZ99999 In addition to permitted businesses, the company may engage in businesses not prohibited or restricted by laws and regulations.

17、E599010 Piping engineering.

18、E601010 Electrical installation.

19、E604010 Mechanical installation.

Article 2-1: The company may provide endorsements or guarantees to external parties as needed for business or investment purposes.

Article 2-2: The total amount of the company's investment in subsidiaries is not subject to the restrictions on the investment ratio outlined in Article 13 of the Company Act. Matters related to long-term equity investments shall be handled upon resolution by the board of directors.

Article 3: The company establishes its headquarters in Taoyuan City. When necessary, establishing branches domestically and internationally shall be subject to the board of directors' resolution.

Article 4: The methods of public announcement by the company shall be carried out in accordance with the provisions of Article 28 of the Company Act.

Chapter 2: Shares

Article 5: The Company's total capital is set at NTD 6 billion, divided into 6 million shares, with a par value of NTD 10 per share. The board of directors may issue the unissued portion in installments as necessary. Among them, NTD 20 million is allocated for issuing employee stock options, totaling 2 million shares, with a par value of NTD 10 per share. It may be issued in installments as determined by the Board of Directors. In the event of repurchasing shares by the Company, as permitted by law, the Board of Directors is authorized to establish specific regulations accordingly. Suppose the Company issues employee stock options at a price lower than the market price (net asset value) per share. In that case, it shall be subject to special resolution at the shareholders' meeting (with the attendance of more than half of the total issued shares and approval by more than two-thirds of the voting rights of the attending shareholders). Suppose the Company transfers repurchased shares to employees at a price lower than the average repurchase price. In that case, it shall be subject to a special resolution at the most recent shareholders' meeting (with the attendance of more than half of the total

issued shares and approval by more than two-thirds of the voting rights of the attending shareholders) before the transfer.

Article 5-1: The Company's repurchased treasury shares may be transferred to qualified employees, including employees of affiliated or subsidiary companies, under conditions and through purchasing methods authorized by the Board of Directors. Employee stock options of the Company may be issued to qualified individuals, including employees of affiliated or subsidiary companies, under conditions and through purchasing methods authorized by the Board of Directors. When the Company issues new shares, employees purchasing shares may include employees of affiliated or subsidiary companies, under conditions and through purchasing methods authorized by the Board of Directors. The issuance of new shares with restricted employee rights may include employees of affiliated or subsidiary companies under conditions and through purchasing methods authorized by the Board of Directors.

Article 6: (Deleted).

Article 7: The Company's stocks are registered and signed by three or more directors, sealed, and issued after certification by the competent authority or its approved issuance registration authority. The Company's issued shares may be exempt from printing stock certificates. Still, they must be registered with a centralized securities depository institution, as is the case for other securities.

Article 8: The transfer and registration of stock name changes shall be suspended within sixty days before the regular shareholders' meeting, within thirty days before the extraordinary shareholders' meeting, or within five days before the record date for the distribution of dividends, bonus shares, or other benefits determined by the Company. The handling of the Company's stock affairs shall comply with the regulations of the competent authority, except as otherwise provided by law.

Chapter 3: Shareholders' Meeting

Article 9: The shareholders' meeting is divided into regular and special meetings. The regular meeting is convened by the Board of Directors once a year within six months after the end of each fiscal year. The special meeting is convened when necessary according to the law.

Article 9-1: Unless otherwise specified by the Company Law, the shareholders' meeting is convened by the Board of Directors. If convened by the Board of Directors, the chairman is appointed by the board's chairman. In case of the chairman's absence or inability to perform duties, a director designated by the chairman acts as a proxy. If not selected, a director is elected by the board. Notice of the shareholders' meeting, with the consent of the shareholders, may be made electronically. The company may use public announcements for shareholders holding less than one thousand shares. The convening and announcement of the company's shareholders' meeting shall be handled by Article 172 of the Company Law. Electronic voting is considered a valid exercise of voting rights when the company convenes a shareholders' meeting. The exercise of voting rights electronically is governed by the Company Law and the regulations of the competent authority. The shareholders' meeting may be held in physical, video-assisted, or video format as determined by the board of directors, following the "Guidelines for Stock Affairs of Public Issuing Companies" issued by the competent authority.

Article 10: Shareholders who cannot attend the shareholders' meeting may issue a power of attorney specifying the scope of authorization and sign or affix a seal to authorize a representative to attend. The company follows the "Rules for the Use of Power of Attorney by Public Issuing Companies to Attend Shareholders' Meetings" except as provided in Article 177 of the Company Law and Article 25-1 of the Securities Exchange Act.

Article 11: Each company shareholder, except for restricted or non-voting shares as provided in Article 179 of the Company Law, has one voting right per share. The company's shareholders have one voting right per share, but its shares held by itself have no voting rights.

Article 12: Resolutions of the shareholders' meeting, unless otherwise provided by

relevant laws and regulations, require the presence of shareholders representing more than half of the total issued shares, either in person or by proxy, and must be approved by more than half of the voting rights present at the meeting.

Article 12-1: Resolutions of the shareholders' meeting shall be recorded in minutes, signed or sealed by the chairman, and distributed to each shareholder within twenty days after the meeting. The preparation and distribution of the minutes may be conducted electronically. The distribution of the minutes may be announced through the Public Information Observation System. The minutes should record the meeting's date, time, and location, the chairperson's name, the resolution method, the main points of the proceedings, and their results. The minutes should be permanently preserved during the company's existence. The attendance list of shareholders and the proxy forms for representation should be kept for at least one year. However, if a shareholder initiates a lawsuit under Article 189 of the Company Law, it should be preserved until the lawsuit's conclusion.

Article 12-2: If the company applies for the withdrawal of public offering, it must be resolved by a special resolution of the shareholders' meeting (with more than half of the total issued shares represented and more than two-thirds of the voting rights present at the meeting agreeing). This provision remains unchanged during the over-the-counter (OTC) and listed periods.

Chapter 4: Board of Directors and Audit Committee

Article 13: The Company shall have a Board of Directors consisting of five to seven members, with a term of three years. Shareholders may elect capable individuals, and consecutive re-election is permissible. The Company may, during the directors' term, procure liability insurance to cover compensation obligations arising within the scope of business operations as required by law. By the Securities and Exchange Act, the Company establishes an Audit Committee responsible for executing the duties of supervisors as stipulated by the Company Act, the Securities and Exchange Act, and other applicable laws. The Audit Committee comprises all independent directors, with a minimum

of three members. One member is the convener, and at least one should possess accounting or financial expertise. The relevant organizational regulations are to be determined by the Board of Directors. In compliance with Article 14-2 of the Securities and Exchange Act, at least two independent directors must be elected among the abovementioned directors, accounting for no less than one-fifth of the director seats. The election of directors follows the nomination system outlined in Article 192-1 of the Company Act. Shareholders elect directors from the nominated list, and the implementation follows the relevant provisions of the Company Act, Securities and Exchange Act, and other applicable regulations. Matters concerning professional qualifications, shareholding, restrictions on concurrent positions, nomination and election methods of independent directors, and other compliance requirements shall be handled by regulations set by the competent securities authority.

Article 13-1: If the vacancy of directors reaches one-third, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days to conduct supplementary elections. The term of the newly elected directors shall be limited to the remaining term of their predecessors.

Article 13-2: Unless otherwise stipulated by laws, Board resolutions shall require the presence of over half of the directors and approval by the majority of the attending directors. The election of directors in the Company adopts a cumulative voting system. Each share corresponds to the number of directors to be elected, allowing shareholders to concentrate their votes on a single candidate or distribute votes among multiple candidates. The candidate with the most votes representing the total voting rights is elected as a director.

Article 13-3: The Company's directors' election adopts a cumulative voting system. Each share has voting rights equal to the number of directors to be elected. Shareholders may concentrate votes on a single candidate or distribute votes among multiple candidates. The candidate with the most votes, representing the highest voting rights, is elected as a director.

Article 13-4: The Board of Directors conference shall state the reasons and notify all directors seven days in advance. In cases of emergencies, the meeting may be

convened at any time. The conference may be conducted through written notice, email, or fax. The Board of Directors may convene through video conferencing, and directors participating via video are considered present.

Article 14: The Board of Directors is organized by the directors. With the attendance of two-thirds or more of the directors and the agreement of the majority of the attending directors, they mutually elect one chairman. The chairman represents the Company externally. In the absence of a director at a board meeting, the director may delegate another director to attend on their behalf, with the limitation of one proxy per director. Board meetings may be conducted through video conferences, and directors participating via video are considered personally present.

Article 15: When the Chairman takes a leave of absence or cannot perform their duties for any reason, the acting chairman shall be appointed per the provisions of Article 208 of the Company Law.

Article 16: Directors executing the Company's duties may be reimbursed based on their level of participation and contribution to the Company's operations, taking into account industry norms.

Article 17: The Company may establish functional committees under the Board of Directors. The establishment and powers of such committees shall be governed by laws and regulations set by the competent authority and the Company's regulations.

Chapter 5: Management Personnel

Article 18: The Company may appoint managers, and the appointment, dismissal, and remuneration shall be handled by Article 29 of the Company Law. The remuneration, duties, and scope of authority of the managers shall be stipulated in the contract. For the preceding paragraph, managers refer to the company's management personnel at the vice-president level or above.

Chapter 6: Fiscal

Article 19: The company shall compile the following documents at the end of each fiscal

year, submit them to the audit committee for review, and present them to the shareholders' meeting for approval thirty days before the regular shareholders' meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposal for profit distribution or loss offset

Article 20: If the company makes a profit for the year, it shall allocate no less than 1% for employee compensation. The board of directors shall decide whether to distribute it in stocks or cash, and the recipients may include employees of subsidiary companies who meet certain conditions. The company may allocate an amount not exceeding 3% for director compensation as the board of directors decides. Employee and director compensation allocation shall be reported to the shareholders' meeting. However, in the case of accumulated losses, an amount for compensation shall be reserved in advance. Then, the employee compensation and director compensation shall be allocated according to the above ratio. Suppose there is a surplus in the annual accounts after paying taxes and donations and making up for accumulated losses. In that case, an additional 10% shall be set aside as statutory surplus, but it may not be set aside if the statutory surplus has reached the company's paid-up capital. The remaining amount shall be allocated or reversed according to legal requirements. If there is still a balance, it shall be proposed by the board of directors for distribution. By the Company Act, when issuing new shares, it shall be distributed after resolution by the shareholders' meeting. Suppose all or part of the dividends and bonuses will be distributed in cash. In that case, the board of directors is authorized to make such a decision with the attendance of at least two-thirds of the directors, approval by the majority of the attending directors, and report to the shareholders' meeting. The company's dividend policy allocates no less than 5% of distributable earnings annually to distribute dividends to shareholders. Still, distribution may be withheld if accumulated distributable earnings are below 20% of the paid-up capital. The principle of shareholder dividends is to adopt a balanced dividend policy with stock dividends complemented by cash dividends, with

the proportion of cash dividends not less than 10% of the total proposed dividends to shareholders.

Chapter 7: Supplementary Provisions

Article 21: Matters not covered in this chapter shall be handled by the provisions of the Company Act and relevant laws and regulations.

Article 22: This chapter was established in the Republic of China on September 9, 1989.

The first revision was made on March 16, 1992.

The second revision was made on December 18, 1992.

The third revision was made on May 8, 1997.

The fourth revision was made on March 8, 1999.

The fifth revision was made on April 3, 2002.

The sixth revision was made on May 9, 2002.

The seventh revision was made on June 30, 2002.

The eighth revision was made on November 11, 2002.

The ninth revision was made on July 1, 2003.

The tenth revision was made on November 30, 2003.

The eleventh revision was made on June 21, 2004.

The twelfth revision was made on December 27, 2004.

The thirteenth revision was made on June 28, 2005.

The fourteenth revision was made on December 7, 2006.

The fifteenth revision was made on June 30, 2008.

The sixteenth revision was made on May 21, 2009.

The seventeenth revision was made on July 22, 2011.

The eighteenth revision was made on June 30, 2012.

The nineteenth revision was made on June 30, 2016.

The twentieth revision was made on June 30, 2017.

The twenty-first revision was made on December 14, 2018.

The twenty-second revision was made on May 30, 2019.

The twenty-third revision was made on December 5, 2019.

The twenty-fourth revision was made on May 30, 2022.

**Desiccant Technology Co.,
Ltd.**

Chairman: Zheng Shizhi

【 Appendix-2 】 The rules of the shareholders meeting (Before Amendments)

Desiccant Technology Co., Ltd The rules of the shareholders' meeting

1. Scope of Regulation

The rules of procedure for the shareholders' meeting of the company shall be governed by the provisions of these rules, except where otherwise provided by laws or the articles of incorporation.

2. Calling and Notice of Shareholders' Meeting

2.1 The company's shareholders' meeting shall be convened by the board of directors unless otherwise provided by laws or the articles of incorporation.

2.2 Any changes to the method of convening the shareholders' meeting of the company shall be decided by the board of directors and implemented no later than the issuance of the meeting notice to the shareholders.

The company shall, at least thirty days before the regular shareholders' meeting or fifteen days before an extraordinary shareholders' meeting, prepare electronic files of the meeting notice, proxy forms, relevant proposals, discussion topics, and matters related to the election or removal of directors, and transmit them to the Public Information Observation Platform. However, suppose the company's paid-up capital as of the end of the most recent fiscal year exceeds NT\$10 billion, or the combined shareholding of foreign and Mainland China investors listed in the shareholder register reaches 30% or more for the most recent fiscal year's shareholders' meeting. The aforementioned electronic files shall be transmitted thirty days before the regular shareholders' meeting. Additionally, the company shall prepare electronic files of the meeting agenda and supplemental materials and transmit them to the Public Information Observation Platform at least twenty-one days before the regular shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. The meeting agenda and supplemental materials for the upcoming shareholders' meeting shall be prepared and made available for shareholders' access no later than fifteen days before the meeting. They shall be

displayed at the company and the appointed professional share registrar and transfer agent.

The meeting agenda and supplemental materials mentioned above shall be made available to shareholders on the day of the shareholders' meeting in the following manner:

- 2.2.1 In the case of a physical shareholders' meeting, they shall be distributed at the meeting venue.
- 2.2.2 In the case of a video-assisted shareholders' meeting, they shall be distributed at the meeting venue and transmitted electronically to the video conference platform.
- 2.2.3 In the case of a virtual shareholders' meeting, they shall be transmitted electronically to the video conference platform.
- 2.3 The notice and announcement shall state the purpose of the meeting. With the consent of the recipients, the notice may be sent electronically.
- 2.4 Matters such as the election or removal of directors, amendment of the articles of incorporation, reduction of capital, application for suspension of public offering, permission for directors to compete, capitalization of retained earnings, capitalization of legal reserves, company dissolution, merger, division, or matters listed in Article 185, Paragraph 1 of the Company Act shall be listed and explained in the meeting notice, and they may not be proposed as an ad hoc motion.
- 2.5 If the shareholders' meeting is to comprehensively elect directors and specify the date of assumption of office, the date of assumption of office may not be changed through an ad hoc motion or other means at the same meeting after the election of directors is completed.
- 2.6 Shareholders holding more than 1% of the total issued shares may propose one item for the regular shareholders' meeting. If multiple proposals are submitted, none of them shall be included in the agenda. However, if the shareholder proposal is intended to urge the company to enhance public interests or fulfill social responsibilities, the board of directors may still include it in the agenda.
- 2.7 If a shareholder's proposed agenda item falls under any of the circumstances specified in Article 172-1, Paragraph 4 of the Company Act, the Board of Directors may exclude it from the agenda. The company shall announce the acceptance of shareholders' proposals before the date of suspension of share transfer preceding the regular shareholders' meeting, specifying the methods

and period of acceptance in writing or electronically, with a minimum acceptance period of ten days.

- 2.8 Shareholder proposals shall be limited to 300 words. If they exceed 300 words, they shall not be included in the agenda. The proposing shareholder shall personally attend the regular shareholders' meeting or authorize someone else to attend and participate in the proposal discussion.
- 2.9 The company shall inform the proposing shareholders of the processing results before the date of the meeting notice and include the proposals that meet the requirements of these provisions in the meeting notice. For proposals not included in the agenda, the board of directors shall explain the reasons for exclusion at the shareholders' meeting.

3. Proxy

- 3.1 Shareholders may issue a proxy issued by the company for each shareholders' meeting, specifying the authorized scope and the appointed proxy to attend the shareholders' meeting.
- 3.2 A shareholder may issue only one proxy, limited to one person. The proxy shall be delivered to the company five days before the shareholders' meeting. In the case of multiple proxies, the first one delivered will prevail. However, those who declare the revocation of a previous proxy shall not be subject to this deadline.
- 3.3 After delivering the proxy to the company, if a shareholder wishes to personally attend the shareholders' meeting or exercise voting rights in writing or electronically, they shall provide written notice to the company of the revocation of the proxy at least two days before the shareholders' meeting. If the revocation is made after the deadline, the voting rights exercised by the proxy shall prevail.
- 3.4 After delivering the proxy to the company, if a shareholder wishes to attend the shareholders' meeting via video conference, they shall provide written notice to the company of the revocation of the proxy at least two days before the shareholders' meeting. If the revocation is made after the deadline, the voting rights exercised by the proxy shall prevail.

4. Principles of the Location and Time of Shareholders' Meetings

The shareholders' meeting shall be at the company's registered office or at a convenient and suitable location for shareholders to attend. The meeting shall not

begin before 9:00 AM or after 3:00 PM. The meeting location and time choice shall fully consider independent directors' opinions. However, these restrictions on the meeting location do not apply to virtual shareholders' meetings.

5. Placement of Signature Book and Other Documents

- 5.1 The company shall include in the meeting notice the reporting time, reporting location, and other relevant instructions for shareholders, solicitors, and appointed proxies (after this, referred to as "shareholders").
- 5.2 The reporting time for shareholders shall be at least 30 minutes before the start of the meeting. The reporting location shall be indicated and staffed by suitable personnel. For virtual shareholders' meetings, shareholders shall report their attendance on the virtual meeting platform at least 30 minutes before the meeting starts. Shareholders who have completed the reporting process shall be deemed present at the shareholders' meeting.
- 5.3 Shareholders themselves or their appointed proxies (after this referred to as "shareholders") shall present an attendance certificate, attendance card, or other proof of attendance at the shareholders' meeting. The company shall not arbitrarily require additional documents as proof of attendance. If the solicitor holds a solicitation proxy, they shall bring identification documents for verification.
- 5.4 The Company shall provide a signature book for shareholders to sign upon attendance, or shareholders may submit an attendance card instead of signing.
- 5.5 The Company shall provide the following documents to attending shareholders: meeting agenda, annual report, attendance certificate, speaking slips, voting ballots, and other meeting materials. If there is an election of directors, separate election ballots shall be provided.
- 5.6 When A government agency or legal entity is a shareholder, the representative attending the shareholders' meeting is not limited to one person. Only one representative shall be appointed when a legal entity is authorized to attend the shareholders' meeting.
- 5.7 For virtual shareholders' meetings, shareholders who wish to attend via video conference shall register with the company at least two days before the shareholders' meeting.
- 5.8 For virtual shareholders' meetings, the company shall upload the meeting agenda, annual report, and other relevant documents to the virtual meeting platform at least 30 minutes before the meeting starts and continue to disclose

them until the end of the meeting.

5.9 When the company convenes a virtual shareholders' meeting, the meeting notice shall include the following:

5.9.1 Methods for shareholders to participate in and exercise their rights in the virtual meeting.

5.9.2 Handling procedures in the event of natural disasters, emergencies, or other force majeure circumstances that hinder the operation of the virtual meeting platform or participation through virtual means. This shall include at least the following:

- (1) If the hindrance cannot be resolved before the scheduled meeting time, the postponed or continued date of the meeting.
- (2) ShareHolders who did not register to participate in the original virtual meeting shall not be allowed to participate in the postponed or continued meeting.
- (3) For virtual-assisted shareholders' meetings, if the virtual meeting cannot be continued after deducting the shares represented by shareholders who participated through virtual means, the meeting shall proceed if the total shares represented at the conference still reach the legally required quorum. Shareholders who participate via virtual means shall be considered present, and their shares shall be counted towards the total shares represented. For all agenda items of that shareholders' meeting, they shall be deemed to have abstained.
- (4) Handling procedures if all agenda items have been announced with results and no ad hoc motions have been made.

6. Chairman and Attendees of Shareholders' Meeting

6.1 If the board of directors convenes the shareholders' meeting, the chairman shall be the board's chairman. If the board's chairman is absent or unable to perform the duties, the vice chairman shall act as the chairman. If there is no vice chairman or the vice chairman is also absent or unable to perform the duties, the board's chairman shall designate a director to act as the chairman. If the board chairman does not establish a proxy, the directors shall elect a proxy from among themselves.

6.2 The chairman mentioned in the preceding paragraph should be a director who has served for at least six months and is familiar with the company's financial

and business conditions. The same applies if the chairman is a corporate director's representative.

- 6.3 When the board of directors convenes the shareholders' meeting, its chairman should preside over it in person. At least a majority of the directors and at least one representative of each type of functional committee should attend. Attendance should be recorded in the minutes of the shareholders' meeting.
- 6.4 If the shareholders' meeting is convened by a person other than the board of directors, that convener shall appoint the chairman. If there are two or more conveners, they shall mutually select one person to act as the chairman.
- 6.5 The company may appoint appointed lawyers, accountants, or relevant personnel to attend the shareholders' meeting.

7. Recording or Filming of the Shareholders' Meeting Process

- 7.1 The company shall record or film continuously and without interruption the entire process of shareholder registration, meeting proceedings, and vote counting from the time of shareholder registration.
- 7.2 The audiovisual materials mentioned in the preceding paragraph should be kept for at least one year. However, if a shareholder files a lawsuit under Article 189 of the Company Law, they shall be kept until the conclusion of the litigation.
- 7.3 In the case of a shareholders' meeting held via video conference, the company should record and film the registration, attendance, questioning, voting, and company vote counting data of the shareholders, as well as the entire video conference process, without interruption.
- 7.4 The company should adequately preserve the data and audiovisual recordings mentioned in the preceding paragraphs during the specified period and provide the audiovisual recordings to the entrusted party responsible for video conferencing affairs for safekeeping.
- 7.5 In the case of a shareholders' meeting held via video conference, the company should also record and film the backstage operation interface of the video conferencing platform.

8. Shareholders' Obligations

- 8.1 the shareholders' meeting attendance shall be based on the number of shares. The number of shares represented by the signature book submitted attendance cards and reported shares on the video conferencing platform shall be

calculated, including shares for which voting rights are exercised in writing or electronically.

- 8.2 Once the meeting time has arrived, the chairman shall announce the commencement of the meeting and simultaneously disclose information such as the number of votes without voting rights and the total number of shares represented. However, if the number of shareholders present does not exceed half of the total number of issued shares, the chairman may announce a postponement of the meeting. The meeting may be postponed up to two times, with the total postponement time not exceeding one hour. If, even after two postponements, the number of shareholders present does not reach at least one-third of the total number of issued shares, the chairman shall declare an adjournment. In the case of a shareholders' meeting held via video conference, the company shall also announce the adjournment on the video conferencing platform.
- 8.3 If, after the two postponements mentioned above, the number of shareholders present still does not reach the required threshold but exceeds one-third of the total number of issued shares, a fictitious resolution may be made under Article 175, Paragraph 1 of the Company Law, and the fictitious resolution shall be notified to the shareholders for the convening of another shareholders' meeting within one month. In the case of a shareholders' meeting held via video conference, if shareholders wish to attend via video, they shall re-register with the company under Article 6.
- 8.4 Before the conclusion of the current meeting, if the represented shares of attending shareholders reach more than half of the total number of issued shares, the chairman may present the fictitious resolution for a vote by Article 174 of the Company Law.

9. Discussion of Resolutions

- 9.1 If the Board of Directors convenes the shareholders' meeting, it will determine the agenda. All related resolutions (including ad hoc proposals and amendments to original proposals) will be voted on separately, and the meeting will proceed according to the predetermined agenda, which cannot be changed without the resolution of the shareholders' meeting.
- 9.2 If the shareholders' meeting is convened by a person other than the board of directors, the provisions of the preceding paragraph shall apply.
- 9.3 The chairman shall not adjourn the agenda outlined in the preceding two

paragraphs before the conclusion of the discussion (including ad hoc proposals) without a resolution. Suppose the chairman violates the rules of procedure and adjourns the meeting. In that case, other members of the board of directors shall promptly assist the attending shareholders following the statutory procedure to elect, by the consent of the majority of the voting rights of the attending shareholders, a person to serve as the chairman and continue the meeting.

- 9.4 The chairman shall provide sufficient explanation and discussion opportunities for resolutions, amendments, or ad hoc proposals raised by shareholders. When a sufficient degree of discussion has been reached, the chairman may announce the end of the discussion, proceed to a vote, and allocate an appropriate voting period.

10. Shareholder Speech

- 10.1 Before making a speech as an attending shareholder, a speech slip must be filled out, stating the purpose of the speech, the shareholder's account number (or attendance certificate number), and the account name. The chairman shall determine the order of speeches.
- 10.2 An attending shareholder who only submits a speech slip without speaking shall be considered as not having spoken. In case the content of the speech differs from what is stated on the slip, the content of the speech shall prevail.
- 10.3 Each shareholder may speak on the same agenda item with the chairman's consent, but the number of speeches shall not exceed two, and each speech shall not exceed five minutes. However, if a shareholder's speech violates the regulations or goes beyond the scope of the agenda, the chairman may intervene and stop the speech.
- 10.4 While an attending shareholder is speaking, other shareholders may not interfere unless they have obtained the consent of the chairman and the speaking shareholder. The chairman may intervene if this rule is violated.
- 10.5 When a corporate shareholder appoints more than two representatives to attend the shareholders' meeting, only one person may speak on the same agenda item.
- 10.6 After an attending shareholder speaks, the chairman may personally respond or designate relevant personnel to respond.
- 10.7 In the case of a shareholders' meeting held via video conference, shareholders participating through video may submit questions in writing on the video

conference platform from the announcement of the meeting until the announcement of adjournment. The number of questions per agenda item shall not exceed two, with a 200-character limit per question. This provision does not apply to the regulations from the first to the fifth paragraphs.

- 10.8 If a question raised following the preceding paragraph does not violate the regulations or go beyond the scope of the agenda, it should be disclosed on the video conference platform for public knowledge.

11. Calculation of Voting Shares, Abstention System

- 11.1 The voting at the shareholders' meeting shall be based on the number of shares.
- 11.2 The shares of shareholders without voting rights shall not be counted in the total number of issued shares for resolutions at the shareholders' meeting.
- 11.3 Shareholders with a personal interest that may harm the company's interests regarding matters discussed at the meeting shall not participate in the vote and shall not act as a proxy to exercise their voting rights on behalf of other shareholders.
- 11.4 Shares without voting rights, as mentioned in the preceding paragraph, shall not be counted in the total voting rights of attending shareholders.
- 11.5 Except for trust enterprises or share registrar agents approved by the securities regulatory authority, when two or more shareholders entrust a person, their proxy voting rights shall not exceed 3% of the shares' total voting rights. Any excess voting rights shall not be counted.

12. Voting

- 12.1 Each shareholder has one voting right per share, except for those who are restricted or have no voting rights as listed in Article 179, Paragraph 2 of the Company Law.
- 12.2 When the company holds a shareholders' meeting, voting rights may be exercised electronically or in writing. The method of exercising voting rights should be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are considered to attend the shareholders' meeting personally. However, ad hoc motions and amendments to the original agenda are considered abstentions, so it is advisable for the company to avoid proposing them.
- 12.3 Shareholders who exercise their voting rights in writing or electronically

should deliver their intention to the company at least two days before the shareholders' meeting. If multiple intentions are received, the earliest one shall prevail. However, a declaration revoking a previous intention shall not be subject to this time limit.

- 12.4 Shareholders who exercise their voting rights in writing or electronically and subsequently wish to attend or attend via video conference personally should revoke their previous exercise of voting rights in the same manner at least two days before the shareholders' meeting. If the revocation is made after the deadline, the voting rights exercised in writing or electronically shall prevail. If voting rights are exercised in writing or electronically and a proxy is appointed to attend the shareholders' meeting, the voting rights exercised by the proxy in attendance shall prevail.
- 12.5 Unless otherwise specified by the Company Law or the company's articles of incorporation, resolutions at the shareholders' meeting shall be passed with the approval of a majority of the voting rights of the attending shareholders. During the voting process, the chairman or the designated person shall announce the voting rights of the attending shareholders before each agenda item, and shareholders shall vote on each item. The shareholders' agreement, opposition, and abstention results should be entered into the Public Information Observation System on the same day as the shareholders' meeting.
- 12.6 If there are amendments or substitute proposals for the same agenda item, the chairman and the original proposal shall determine the voting order. If one of the proposals has already been approved, the other proposals shall be considered rejected, and there is no need for further voting.
- 12.7 The chairman shall designate the scrutineers and vote counters for voting on resolutions, and the scrutineers should be shareholders themselves.
- 12.8 The vote-counting process for voting or election resolutions at the shareholders' meeting should be conducted openly within the meeting venue. The voting results, including the total number of votes, should be announced on the spot and recorded after the vote counting is completed.
- 12.9 In the case of a shareholders' meeting held via video conference, shareholders participating through video should conduct voting on various resolutions and election proposals through the video conference platform. The voting should be completed before the chairman announces the end of voting, and any votes received after the deadline shall be considered abstentions.

- 12.10 When a shareholders' meeting is held via video conference, the voting and election results shall be announced after the chairman announces the end of voting.
- 12.11 When a video-assisted shareholders' meeting is held, shareholders who have registered to attend the meeting via video conference but wish to attend in person should revoke their registration in the same manner at least two days before the shareholders' meeting. If the revocation is made after the deadline, they may only attend the shareholders' meeting via video conference.

13. Elections

- 13.1 When there is an election of directors at a shareholders' meeting, it should be conducted in accordance with the relevant election regulations set by the company. The election results should be announced on the spot, including the list of elected directors and their respective vote counts, as well as the list of unsuccessful director and supervisor candidates and their respective voting rights.
- The election ballots for the elections mentioned above should be sealed and signed by the ballot inspectors and kept adequately for at least one year. However, if shareholders file a lawsuit following Article 189 of the Company Law, the ballots should be kept until the lawsuit concludes.

14. Meeting Records

- 14.1 Resolutions made at the shareholders' meeting should be recorded in minutes and signed or sealed by the chairperson. The minutes should be distributed to all shareholders within twenty days after the meeting. The preparation and distribution of the minutes can be done electronically.
- 14.2 The minutes mentioned above may be distributed through announcements on the Market Observation Post System (MOPS).
- 14.3 The minutes should accurately record the date, place, name of the chairperson, method of decision-making, main proceedings of the meeting, and voting results (including the vote counts). When directors are elected, the vote counts for each candidate should be disclosed. The minutes should be permanently kept during the company's existence.
- 14.4 In the case of a shareholders' meeting conducted via video conference, in addition to the matters required to be recorded as mentioned above, the

minutes should also include the start and end time of the meeting, the method of conducting the meeting, the names of the chairperson and the recorders, and the handling methods and situations when obstacles occur in the video conference platform or participation via video conference due to natural disasters, incidents, or other force majeure circumstances.

- 14.5 When the company holds a video-assisted shareholders' meeting, in addition to complying with the abovementioned provisions, the minutes should also include alternative measures provided to shareholders who have difficulties participating via video conference.

15. Public Announcement

- 15.1 The company should prepare a statistical table in the prescribed format, clearly displaying the number of shares solicited, the number of shares represented by proxy agents, and the number of shares represented by shareholders attending in writing or electronically on the day of the shareholders' meeting at the meeting venue. Suppose the shareholders' meeting is conducted via video conference. In that case, the company should upload the information mentioned above to the video conference platform at least thirty minutes before the meeting starts and continue to disclose it until the meeting concludes. When announcing the commencement of the video conference shareholders' meeting, the total number of shares represented by attending shareholders should be disclosed on the video conference platform. If additional statistics exist on the total shares represented by attending shareholders and the voting rights during the meeting, the same disclosure should be made.
- 15.2 If the resolutions of the shareholders' meeting fall under the category of significant information prescribed by laws and regulations or the Taiwan Stock Exchange Corporation (TWSE) or the Taipei Exchange (TPEX), the company should transmit the content to the Market Observation Post System within the specified time.

16. Maintenance of Meeting Order

- 16.1 The staff involved in the shareholders' meeting should wear identification cards or armbands.
- 16.2 The chairperson may direct marshals or security personnel to maintain order at the meeting venue. The marshals or security personnel present to help maintain order should wear armbands or identification cards with the words

"Marshal" displayed.

- 16.3 If there is a sound amplification system at the venue, the chairperson may prohibit shareholders from speaking using equipment not provided by the company.
- 16.4 If a shareholder violates the rules of procedure, refuses to comply with the chairperson's instructions, or disrupts the progress of the meeting despite being prohibited, the chairperson may direct marshals or security personnel to remove the shareholder from the venue.

17. Breaks and Continuation of the Meeting

- 17.1 During the meeting, the chairperson may announce a break at their discretion. In an irresistible circumstance, the chairperson may temporarily suspend the meeting and announce the time to resume the meeting based on the circumstances.
- 17.2 If the scheduled agenda of the shareholders' meeting, including any ad hoc motions, is not completed, and the venue cannot be used at the scheduled time, the meeting may be adjourned to another venue as decided by the shareholders' meeting.
- 17.3 Following Article 182 of the Company Law, the shareholders' meeting may resolve to postpone or continue the meeting within five days.

18. Information Disclosure for Video Conference Meetings

For shareholders' meetings conducted via video conference, the company should promptly disclose each proposal's voting results and election results on the video conference platform after the voting concludes. The disclosure should continue for at least fifteen minutes after the chairperson announces the adjournment of the meeting.

19. Location of Video Conference Shareholders' Meeting Chairperson and Recording Personnel

When the company convenes a video conference shareholders' meeting, the chairperson and recording personnel should be located in the same country. The chairperson should announce the location address at the beginning of the meeting.

20. Handling of Disconnection

- 20.1 For shareholders' meetings conducted via video conference, the company may provide shareholders with a simple connectivity test before the meeting and provide relevant services promptly during the pre-meeting and meeting to assist in resolving any technical communication issues.
- 20.2 For shareholders' meetings conducted via video conference, except for circumstances specified in Article 44-2, Paragraph 4 of the Guidelines for Handling Corporate Affairs of Public Issuing Companies that do not require postponement or continuation of the meeting, if there is a continuous disruption of the video conference platform or participation via video conference due to natural disasters, incidents, or other force majeure events, lasting for more than thirty minutes until the chairperson announces adjournment, the meeting should be postponed or continued within five days. The provisions of Article 182 of the Company Law do not apply.
- 20.3 Shareholders who did not register to participate via video conference at the original shareholders' meeting shall not participate in the postponed or continued meeting.
- 20.4 Shareholders who registered to participate in the original shareholders' meeting via video conference and completed the registration but did not participate in the postponed or continued meeting shall have their shares, exercised voting rights, and election rights counted towards the total shares, voting rights, and election rights of the attending shareholders in the postponed or continued meeting.
- 20.5 For the meeting that needs to be postponed or continued according to the provisions of Paragraph 2, after completing the voting and vote counting and announcing the voting results or the list of elected directors or supervisors, there is no need to discuss and resolve the respective proposal again.
- 20.6 If a video-assisted shareholders' meeting is convened, and it is impossible to continue the video conference as specified in Paragraph 2, if the total shares represented by attending shareholders, excluding those attending via video conference, still meet the legal quorum for the shareholders' meeting, the meeting should proceed without postponing or continuing as prescribed in Paragraph 2.
- 20.7 In the situation specified in the preceding paragraph where the meeting should continue, shareholders who participate in the shareholders' meeting via video conference should have their shares counted towards the total shares of

attending shareholders. However, for all proposals of that shareholders' meeting, they shall be deemed to have abstained.

- 20.8 When the company postpones or continues the meeting according to the provisions of Paragraph 2, it should follow the relevant preparatory procedures specified in Article 44-7 of the Guidelines for Handling Corporate Affairs of Public Issuing Companies based on the original shareholders' meeting date and the provisions of the respective article.
- 20.9 For public issuing companies, the provisions of Article 12, second paragraph, and Article 13, third paragraph, of the Rules for Proxy Voting at Shareholders' Meetings, Article 44-5, second paragraph, Article 44-15, and Article 44-17, first paragraph, of the Guidelines for Handling Corporate Affairs of Public Issuing Companies shall apply to the period of postponement or continuation of the shareholders' meeting as specified in Paragraph 2.

21. Handling of Digital Divide

When the company convenes a video conference shareholders' meeting, appropriate alternative measures should be provided for shareholders who encounter difficulties in attending the meeting via video conference.

22. Effectiveness and Revision of these Rules

These rules shall come into effect and be revised upon approval by the shareholders' meeting.

【 Appendix-3 】 Board of Directors Meeting Rules (Before Amendments)

Desiccant Technology Co., Ltd. Board of Directors Meeting Rules

1. Scope of Application

The proceedings of this company's board of directors shall be conducted per these Rules of Procedure, except as otherwise provided by law or the company's articles of association.

2. Convocation and Chairmanship of Board Meetings

- 2.1 The board of directors shall convene at least once every quarter. The notice of convocation shall specify the purpose of the meeting and be sent to each director at least seven days in advance, except in cases of urgent circumstances when the meeting may be called at any time. With the consent of the parties concerned, electronic means may be used to notify the directors of the meeting.
- 2.2 The board of directors shall be convened by the chairman, who shall also serve as chairman of the meeting. However, for the first meeting of each term, the convener who received the most votes from the shareholders' meeting shall convene the meeting, and the convener shall appoint the chairman of the meeting. If there are more than two conveners, they shall elect one person to serve as the chairman of the meeting.
- 2.3 If more than half of the directors convene a meeting following Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall elect one of their numbers to serve as chairman of the meeting.
- 2.4 If the board chairman is absent or unable to perform his/her duties due to circumstances, he/she shall be represented by the board's vice chairman. If there is no vice chairman or the vice chairman is also absent or unable to perform his/her duties, the board chairman shall designate one director to act as his/her proxy. If the board chairman does not specify a proxy, the directors shall elect one person to act as the proxy.

3. Venue and Time of Board Meetings

Board meetings shall be held at the company's premises during business hours. However, if necessary for business reasons, the meeting may be held at another convenient location and time suitable for the attendance of the directors.

4. Designation of Agenda, Notice of Meeting and Documents

- 4.1 The finance and accounting department is designated as the agenda-setting unit for the board of directors of this company. The agenda-setting unit shall prepare the agenda for the board meeting and provide sufficient meeting materials. It shall also be responsible for drafting the meeting agenda, recording the meeting minutes, and handling other matters related to the meeting. The agenda shall be submitted to the chairman of the board for approval and sent with the convocation notice.
- 4.2 When convening a board meeting, a written notice specifying the date and venue of the meeting, together with the agenda and related materials, shall be sent to each director at least seven days in advance. With the consent of the parties concerned, electronic means may be used to notify the directors of the meeting.
- 4.3 If a director considers the meeting materials insufficient, he/she may request the agenda-setting unit of the board of directors to supplement them in advance. During the meeting, if a director considers the meeting materials insufficient, the matter may be postponed for review by resolution of the board of directors.
- 4.4 The matters specified in Article 6, Paragraph 1 of these Rules of Procedure shall be included in the agenda in advance and shall not be proposed as an ad hoc motion.

5. Report Items

The content of regular board meetings should include at least the following items :

- 5.1 Report Items:
 - 5.1.1 Minutes of the previous meeting and their execution.
 - 5.1.2 Important financial reports related to business.
 - 5.1.3 Internal audit reports.
 - 5.1.4 Other Essential Report Items.
- 5.2 Discussion Items:
 - 5.2.1 Discussion items retained from the previous meeting.
 - 5.2.2 Discussion items scheduled for the current meeting.

5.3 Ad-hoc motions. :

6. Matters requiring discussion by the Board of Directors

- 6.1 The board of directors should discuss the following matters:
- 6.1.1 The company's operating plan.
 - 6.1.2 Annual Financial Reports.
 - 6.1.3 The establishment or revision of internal control systems and assessments of their effectiveness following Article 14-1 of the Securities and Exchange Act.
 - 6.1.4 Procedures for handling significant financial business activities related to acquiring or disposing of assets, engaging in derivative trading, lending funds to others, endorsing or providing guarantees for others, as prescribed by Article 36-1 of the Securities and Exchange Act.
 - 6.1.5 The issuance, offering, or private placement of equity securities.
 - 6.1.6 Appointment or dismissal of financial, accounting, or internal audit executives.
 - 6.1.7 If the board of directors does not have any managing directors, the election or dismissal of the chairman shall be carried out.
 - 6.1.8 Donations to related parties or significant donations to non-related parties. However, donations for public welfare purposes for urgent relief due to substantial natural disasters may be approved retrospectively at the next board meeting.
 - 6.1.9 Matters prescribed by other laws or regulations or bylaws that require resolutions by the shareholders' meeting or board of directors or significant matters stipulated by the competent authority.
- 6.2 The term "related parties" in the seventh item above refers to those regulated by the financial reporting preparation criteria of the securities issuer, and the term "significant donations to non-related parties" refers to donations to the same recipient that reach a total of over NT\$100 million within one year or reach one percent of the audited operating revenue or five percent of the paid-in capital of the most recent fiscal year, whichever is greater.
- 6.3 The term "within one year" in the preceding paragraph is based on the date of the current board meeting, and the resolutions previously passed at the board meetings need not be counted again.
- 6.4 The company should have at least one independent director present at the board meeting in person. For the matters listed in item 6.1.1, all independent

directors should attend the board meeting. If an independent director cannot attend the meeting in person, another director should be designated to participate. If an independent director has objections or reservations, they should be recorded in the board meeting minutes. Suppose an independent director cannot attend the in-person meeting to express objections or reservations. In that case, they should provide written opinions in advance, which should be recorded in the board meeting minutes, unless there are legitimate reasons for not doing so.

7. Setting up the sign-in sheet and delegation of attendance by directors

When convening a board of directors meeting, a sign-in sheet should be prepared for attending directors to sign for reference. Directors should attend the board meeting in person. If they cannot attend in person, they may issue a power of attorney specifying the scope of authorization and entrust another director to attend on their behalf. However, at least one independent director should still participate in the in-person meeting. The proxy mentioned above shall be limited to one person who has been authorized. Those who participate in the meeting via video conferencing shall be deemed to have attended in person, but they should sign the relevant documents via fax or email.

8. Convening a board of directors meeting

- 8.1 When a board of directors meeting is convened, the unit responsible for the board meeting shall prepare relevant information for attending directors to consult at any time.
- 8.2 When the board's chairman arrives at the meeting time and more than half of the directors are present, the chairman declares the meeting open.
- 8.3 If half of the directors are absent from the meeting time, the chairman may announce a postponement of the meeting. The meeting may be postponed up to two times. If not enough directors are still present after two postponements, the chairman may convene a meeting again under the procedures set out in Article 2 of these meeting rules. The "entire board of directors" shall be counted based on the actual number of directors in office

9. Attendance by other personnel

During a board meeting, personnel from relevant departments or subsidiaries may be notified to attend the meeting depending on the content of the agenda to assist the

directors in understanding the company's current situation and making appropriate decisions. Accountants, lawyers, or other professionals may also be invited to attend the meeting and provide expert opinions for reference by the board of directors. Still, such attendees shall leave the meeting during the discussion and voting.

10. Discussion of the agenda

- 10.1 The agenda for board meetings should be followed according to the meeting notice, but the chairman may change it with the consent of more than half of the attending directors.
- 10.2 The chairman may not adjourn the meeting before the scheduled agenda (including ad-hoc motions) is completed unless more than half of the attending directors agree.
- 10.3 If less than half of the attending directors are present at the meeting, the chairman should announce a temporary adjournment if proposed by an attending director, and Article 8, item 3 of these meeting rules shall apply.

11. Voting

- 11.1 When the board chairman considers that the discussion of a motion has reached the level at which a vote can be taken, he or she may announce the end of the debate and move on to a vote.
- 11.2 When voting on a motion, if there is no objection from all attending directors upon inquiry by the chairman, it shall be deemed to have passed. The motion shall be put to a vote if there is any objection.
- 11.3 The chairman shall choose the voting method from the following options, but if there is any objection from the attendees, the chairman shall seek the opinion of the majority:
 - 11.3.1 Voting by show of hands or by voting machine.
 - 11.3.2 Voting by name.
 - 11.3.3 Voting by ballot.
 - 11.3.4 Voting method selected by the company.
- 11.4 The term "all attending directors" mentioned in the first two paragraphs does not include directors who are not allowed to exercise voting rights under Article 12.
- 11.5 Unless otherwise provided by the Securities and Exchange Act and the Company Act, the resolution of a company's board of directors shall require the attendance of more than half of the directors and approval by most

attending directors.

- 11.6 When there are amendments or alternative proposals for the same motion, the chairman determines the voting order along with the original proposal. However, if one of the proposals has already been passed, the other proposals shall be deemed rejected, and no further voting is required.
- 11.7 If necessary, the chairman may appoint vote supervisors and vote counters for voting on the motion, but the vote supervisor must be a director.
- 11.8 The vote results shall be reported on the spot and recorded.

12. Directors' Conflict of Interest Policy

- 12.1 If a director has an interest in any matter under discussion at a board meeting, which may be of benefit or detriment to themselves or their affiliated corporation, they must disclose the nature of their interest at the conference. Suppose the interest may harm the company's interest. In that case, the director should not participate in the discussion or vote on the matter, and they should abstain from voting on the matter and not delegate their voting right to another director.
- 12.2 The spouses, blood relatives within two degrees, and companies controlled by the director are considered to have a personal interest in any matter discussed at the meeting under the previous paragraph.
- 12.3 For decisions made by the board of directors that involve a director prohibited from voting under the previous two provisions, Article 180, Paragraph 2 of the Company Act shall apply per Article 206, Paragraph 4.

13. Minutes and Signature of Meeting

- 13.1 Minutes of the board meeting must be taken and should include the following information:
 - 13.1.1 Date, time, and location of the meeting.
 - 13.1.2 Name of the chairperson.
 - 13.1.3 Attendance of directors, including the names and numbers of those present, absent, or on leave.
 - 13.1.4 Names and titles of attendees.
 - 13.1.5 The name of the recorder.
 - 13.1.6 Matters reported.
 - 13.1.7 Discussion topics: summary of speeches by directors, experts, and other attendees on each proposal, the names of directors involved in conflicts of

interest under Article 12 of these Rules, an explanation of their interest, reasons for abstention, and opposing or reserved opinions with written statements by independent directors under Rule 6, Paragraph 4 of these Rules.

13.1.8 Ad-hoc proposals: the name of the proposer, the decision and result of the proposal, summary of speeches by directors, experts, and other attendees, the names of directors involved in conflicts of interest under Rule 12 of these Rules, an explanation of their interest, reasons for abstention, and opposing or reserved opinions with written statements.

13.1.9 Other matters that need to be recorded.

13.2 If any of the following circumstances exist with the board's decision, the board must announce within two days of the meeting at a publicly designated information observation station of the Financial Supervisory Commission, in addition to recording them in the minutes:

13.2.1 Independent directors object to or reserve their opinion on the decision and have recorded or submitted a written statement.

13.2.2 Matters that have not been approved by the company's audit committee but have been passed by two-thirds or more of all directors.

13.3 The minutes must be signed or stamped by the chairperson and the recorder, sent to each director and supervisor within twenty days after the meeting, and included in the company's essential files for permanent safekeeping during the company's existence. Their signature must verify the directors' attendance at the conference.

14. Recording or filming of board meetings for evidence

14.1 The entire board meeting proceedings, as stipulated in Article 5 of these rules, should be recorded or filmed for evidence and kept for at least five years. The recordings or films may be stored electronically. Suppose a lawsuit concerning the board's decision arises before the expiration of the aforementioned five-year period. In that case, the relevant recording or film evidence should be preserved until the end of the lawsuit, and the five-year requirement does not apply.

14.2 For meetings conducted via video, the video footage is considered part of the meeting records and should be permanently preserved during the company's existence.

15. Principles of board authorization

In addition to the matters that the board of directors should discuss according to Article 6 of these rules, the company's board of directors may authorize the board's chairman to exercise the board's powers following the law or the company's articles of incorporation. The scope, content, or matters of the authorization should be clearly defined, and the following principles should be followed:

15.1 Following the company's management regulations, rules, and procedures.

15.2 Following the company's decision-making authority chart.

16. Effective date and amendment of these rules

The formulation and amendment of these rules should be approved by the board of directors and submitted to the shareholders' meeting for approval.

【Appendix-4】 Shareholding Status of All Directors

In accordance with Article 26 of the Securities and Exchange Act and the regulations on the percentage of shareholding by directors and supervisors of publicly traded companies, the minimum shareholding requirement for all directors of the Company and details of shareholdings as recorded in the shareholders' register are as follows:

1. The total minimum shareholding requirement for all directors of the Company is 3,480,000 shares.
2. The Company's paid-in capital is NT\$348,000,000, with a total issued shares of 34,800,000
3. The shareholdings of all directors as of the cutoff date for the 2024 Shareholders' Meeting (April 9, 2024) are shown in the table below.

Title	Name	The number of shares held at the time of appointment	The number of shares held as recorded in the shareholder registry on the cutoff date for transfer registration.
Chairperson	CHENG, SHIH-CHIH	1,742,499	1,816,748
Director	CHEN, HSIN-HUAN	2,646,166	1,864,682
Director	CHEN, LUN-CHING	511,068	567,174
Director	LEE LAI, MING-CHU	37,700	51,470
Independent Director	CHANG, JUNG-MING	-	-
Independent Director	GUO, ZI-HONG	-	-
Independent Director	HSIUE, JUNG-SHENG	-	-
Total		4,937,433	4,300,074

V. Other instructions

Explanation of Handling Shareholder Proposals for this Shareholders' Meeting :

1. By Article 172-1 of the Company Act, shareholders holding more than one percent of the total issued shares may submit proposals for the shareholders' meeting in writing, limited to one proposal per shareholder and not exceeding 300 words.
2. The proposal application period for this year's shareholders' company meeting is from March 29, 2024, to April 8, 2024. It has been duly announced on the Market Observation Post System (MOPS) as required by law.
3. The company has not received any shareholder proposals.