



2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Jarllytec annual report is available at

Company website: <https://www.jarlly.com>

Taiwan Stock Exchange Market Observation Post System: [https:// mops.twse.com.tw](https://mops.twse.com.tw)

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V. Overseas Securities Exchange

N/A

VI. Corporate Website

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1. Letter to Shareholders

I. Annual summary and future prospects

In 2024, the global economy faced numerous challenges, including heightened geopolitical tensions, the U.S. presidential election, fluctuations in Federal Reserve interest rates, and escalating technological competition between the U.S. and China, resulting in a highly uncertain industrial environment. Nevertheless, leveraging robust manufacturing management, exceptional technological research and development, and agile market strategies, Jarllytec Corporation achieved remarkable growth. In 2024, our annual revenue reached an all-time high of NTD 9.578 billion, reflecting a year-on-year increase of 16.51%, successfully meeting the annual operational targets for all shareholders.

This year, Jarllytec recorded growth across its three major product lines: 3C, notebooks (NB), and LCDs. In the 3C segment, foldable smartphones benefited from continuous advancements in slimness, battery life, imaging, and crease reduction, driving increased market penetration. According to IDC, a leading research firm, shipments of foldable smartphones in China reached 9.17 million units in 2024, a year-on-year increase of 30.8%. As one of the global leaders in foldable smartphone hinge supply, Jarllytec made significant breakthroughs in hinge durability, opening-and-closing feel, and crease control. By deepening partnerships with major global smartphone brands, the 3C product line achieved record-high revenue in 2024.

In the NB and LCD segments, growth was driven by a recovery in enterprise and consumer demand, the rising momentum for AI PC replacements, and accelerated orders from brand manufacturers amid shifting U.S.-China relations. Jarllytec adeptly capitalized on market trends, achieving stable growth in both product lines. According to TrendForce, global notebook shipments reached 176 million units in 2024, up approximately 5.5% year-on-year, while global LCD monitor shipments totaled 135 million units, with a year-on-year increase of about 2.6%.

Looking ahead to 2024, foldable products will remain a cornerstone of Jarllytec's business strategy. The Company will align closely with its clients' aggressive expansion in the global foldable market, capitalizing on the growing consumer trend toward foldable products. In the notebook and monitor segments, Jarllytec will leverage decades of accumulated product development expertise to engage in high-end hinge technology R&D for notebooks and monitors, aiming to enhance product competitiveness, harness the momentum of AI PC upgrades, and expand its customer base. Furthermore, Jarllytec is committed to exploring emerging application areas, including but not limited to foldable tablets, foldable notebooks, automotive hinges, and AR/VR devices. By applying its extensive expertise in precision hinge technology and manufacturing, the company will deliver optimal solutions to clients, unlocking diverse market opportunities.

While pursuing business growth, Jarllytec remains dedicated to addressing ESG (Environmental, Social, and Governance) issues and standards. In 2024, we conducted a comprehensive carbon footprint assessment across the Group, significantly enhanced the content of our sustainability report, and introduced green energy and energy-saving equipment to substantially reduce carbon emissions. In 2024, we will implement smart meters

and additional energy-saving measures across the group, continuing to advance sustainable supply chain management. Moreover, Jarllytec has consistently earned recognition for its exemplary corporate governance and actively fulfilled its social responsibilities, reflecting our unwavering commitment to sustainable operations.

Jarllytec extends its sincere gratitude to all shareholders, clients, and partners for their continued support and trust. In the coming year, we will relentlessly strive to create a brighter future together.

Operational results

(1) Financial performance

Consolidated revenue for the year 2023 was NT\$9.578 billion, a increase of about 16.51% compared to the previous year. Net profit for the current period rose to 577 million due to product combinations and exchange rate fluctuations, a growth of 7.75% compared to the previous year. Basic earnings per share was NT\$8.73.

(2) Budget implementation

As the Company has no public finance prediction in 2024, the budget implementation will not be stated.

(3) Financial revenue and expenditure & profitability analysis

Unit: NT\$ thousand

| Item | | 2024 | 2023 |
|-----------------------------------|---|-----------|-----------|
| Financial revenue and expenditure | Operating revenue | 9,578,170 | 8,220,663 |
| | Operating margin | 1,586,125 | 1,483,249 |
| | Operating expenses | 1,035,899 | 892,987 |
| | Net profit before tax | 812,697 | 737,971 |
| | Net income | 576,762 | 535,278 |
| Profitability | Return on assets (%) | 5.52 | 5.75 |
| | Return on equity (%) | 10.34 | 10.87 |
| | Ratio of income before tax to paid-in capital (%) | 122.96 | 111.65 |
| | Net profit ratio (%) | 6.02 | 6.51 |
| | Earnings per share (NT\$) | 8.73 | 8.69 |

(4) Research and development

In 2024, Jarllytec Corporation invested NTD 268,055 thousand in research and development (R&D) expenses, accounting for approximately 2.80% of total revenue. This represents an increase of NTD 44,260 thousand compared to NTD 223,795 thousand in 2023.

Jarllytec's current R&D efforts primarily focus on the development of hinges for notebook computers, stands for all-in-one (AIO) PCs, LCD monitor stands, webcam hinges, and flexible screen folding hinges. In the realm of flexible folding screen hinges, beyond

existing applications in foldable smartphones, Jarllytec is collaborating with clients to develop flexible screens for other devices, expanding the application of hinge technology to a broader range of products. Additionally, Jarllytec has innovated a dual rigid screen hinge structure, designed to enable two rigid screens to seamlessly connect when fully opened, creating the appearance of a single, continuous large screen. This unique hinge mechanism has garnered significant client interest and is expected to progressively pass validation within the next year. Furthermore, the R&D team has recruited electromechanical talent to develop motorized hinges, integrating software and hardware control with mechanical design to enable hinge opening/closing and screen elevation movements, thereby realizing the functionality of motorized hinges.

Jarllytec's R&D team maintains close collaborative relationships with clients, conducting regular product development discussions to thoroughly understand future market trends and drive continuous product innovation, which serves as a guide for internal R&D direction. Internally, the R&D unit organizes regular seminars on new technologies to encourage innovative research and new product development, while promptly applying for patents to establish a robust intellectual property protection framework, thereby enhancing product competitiveness.

Equally important, in response to global emphasis on environmental protection, Jarllytec continues to adopt materials with higher recycling ratios. By increasing the use of recycled materials in products, the Company reduces carbon emissions, fulfilling its corporate social responsibility.

Business plan

(1) Significant management policies

1. High-quality service, excellent management, continuous improvement, sustainable operations.
2. Develop further high precision and high value-added key components and technologies in Taiwan.
3. Flexible operations, distributed production and supply, and uninterrupted operating energy.
4. Sound fiscal management, austerity, and maximizing corporate resources.
5. Continue to invest in research and development, create product differentiation and high-end products, improve operating efficiency, and move forward in the direction of value-adding strategies.
6. Make good use of big data to analyze and make decisions to achieve an intelligent manufacturing process.
7. Implement sustainable management goals.

(2) Sales volume forecast and its basis

The Company has no financial forecasts to be disclosed for the year 2024, therefore, there is no explanation for the expected sales volume and its basis.

II. Impacts of the external competitive environment, regulation environment and overall business environment

- (1) The Company executes all operations in compliance with relevant laws and regulations, therefore, the regulation environment has made no significant impact to the Company.

- (2) Sound financial position and sufficient funds, along with good credit, enable Jarllytec to maintain continuous supply from the supplier end, securing a favorable position of being the priority. Jarllytec maintains safe levels of inventory, sufficient to address urgent orders and unforeseen circumstances, thereby reducing inventory costs and time. With the support of both existing clients and new technologies and patents, as well as steady progress in related products such as AR/VR and surveillance beasts, Jarllytec is poised for a fruitful year of market expansion and double profit in 2024.
- (3) Jarllytec assesses that the current inventory levels in the notebook market remain healthy. In 2025, driven by the emerging trend of edge AI and the cessation of Microsoft's support for Windows 10 in October, demand for AI-enabled notebook upgrades is expected to surge, sustaining robust global notebook shipments throughout the year. Additionally, according to market research firm TechInsights, Jarllytec's key clients demonstrated strong market competitiveness in the global foldable smartphone market share in 2024, securing a leading position. In 2025, Jarllytec is expected to continue benefiting significantly from the growth momentum of its major clients, while achieving strong performance in the foldable product segment.

Thanks to all shareholders for the support and trust in Jarllytec, we will continue to implement corporate governance and pursue sustainable business, create values for our customers, shareholders, employees and the society.

Chairman: Chang, Tai Yuan
Managerial officer: Chang, Tai Yuan
Accountant in charge: Chen, Ying Syuan

2. Corporate Governance Report

2.1 Directors, Supervisors and Management Team

2.1.1 Information of directors and supervisors

Apr 21, 2025

| Title | Name | Gender, age | Nationality or place of registration | Date Elected | Term | Date First Elected | Shareholding when elected | | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Remark (Note) |
|-------------------------|---------------------------------------|-------------|--------------------------------------|--------------|---------|--------------------|---------------------------|-------|--------------|-------|-----------------------------|-------|-------------------------------------|-------|--|--|---|--------------|----------|---------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Chairman | Dellson Investment Co., Ltd. | N/A | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 06/21/2018 | 3,864,000 | 5.85% | 3,864,000 | 5.85% | 0 | 0% | 0 | 0% | N/A | N/A | N/A | | | None |
| Director Representative | Chang, Tai Yuan | Male 61~70 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 06/25/2004 | 711,325 | 1.08% | 711,325 | 1.08% | 470,467 | 0.71% | 3,864,000 | 5.85% | Master of Business Administration, EMBA of National Taipei University Chairman of Jarson Precision Technology Co., Ltd. | Gernal Manager of Jarllytec Co., Ltd. Jarwin Investment Co., Ltd. supervisor representative Chairman of Dellson Investment Co., Ltd. Director representative of Smart Hinge Holding Ltd. Director representative of Royal Jarlly Holding Ltd. Director representative of Great Hinge Trading Ltd. Director representative of Jarllytec (Vietnam) Co., Ltd. Director representative of Jarllytec Singapore Pte. Ltd. Chairman of Jarlly Technology(Shanghai) Co., Ltd., Fu-Qing Jarlly Electronics Co., Ltd., Dong Guan Jarlly Electronics Co., Ltd., Jarlly Electronics Technology (Shanghai) Co., Ltd., Kunshan Jarlly Electronics Ltd., Xiamen Jarlly Electronics Co., Ltd. , Jarlly Technology(Chongqing) Co., Ltd., ZheJiang Jarlly Precision Technology Co., Ltd. | Senior Vice President | Hsu, Yao Kun | affinity | Note1 |
| Vice-Chairman | Young Win Assets Management CO., Ltd. | N/A | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 07/07/2021 | 1,550,000 | 2.35% | 1,550,000 | 2.35% | 0 | 0% | 0 | 0% | N/A | N/A | N/A | | | N/A |

| Title | Name | Gender, age | Nationality or place of registration | Date Elected | Term | Date First Elected | Shareholding when elected | | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Remark (Note) |
|-------------------------|------------------------------|-------------|--------------------------------------|--------------|---------|--------------------|---|-------|---|-------|---|--------|-------------------------------------|-------|--|---|---|------|----------|---------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Director Representative | Liu, Kuang Hua | Male 61~70 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 06/25/2004 | 1,316,000 (Trust property 1,100,000 shares) | 1.99% | 1,316,000 (Trust property 1,100,000 shares) | 1.99% | 906,000 (Trust property 700,000 shares) | 1.37 % | 1,550,000 | 2.35% | Master of EMBA School of Management, National Taiwan University Taipei University of Marine Technology Inventec Sourcing Manager | Director of Jmim Precision Industry Co., Ltd., Chairman of Sunrise Investment Co., Ltd. Chairman of Jarson Precision Technology Co., Ltd. Chairman of Jarwin Investment Co., Ltd. Independent Director, Audit Committee, Remuneration Committee of AlgoTek, Inc. Director Representative of Jarlly Technology(Shanghai) Co., Ltd. Director Representative of Fu-Qing Jarlly Electronics Co., Ltd. Director Representative of Dong Guan Jarlly Electronics Co., Ltd. Director Representative of Jarlly Electronics Technology (Shanghai) Co., Ltd. Director Representative of Kunshan Jarlly Electronics Ltd. Director Representative of Xiamen Jarlly Electronics Co., Ltd. Director Representative of Jarlly Technology(Chongqing) Co., Ltd. Director representative of ZheJiang Jarlly Precision Technology Co., Ltd. | None | None | None | None |
| Director | Sunrise Investment Co., Ltd. | N/A | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 06/25/2004 | 6,100,000 | 9.23% | 6,100,000 | 9.23% | 0 | 0% | 0 | 0% | N/A | N/A | N/A | | | N/A |

| Title | Name | Gender, age | Nationality or place of registration | Date Elected | Term | Date First Elected | Shareholding when elected | | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Remark (Note) |
|-------------------------|---------------|-------------|--------------------------------------|--------------|---------|--------------------|---------------------------|----|--------------|----|-----------------------------|----|-------------------------------------|----|--|---|---|------|----------|---------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Director Representative | Liu, Bo-Liang | Male 61~70 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 05/01/2023 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Master's degree, Institute of Mainland China, Chinese Culture University Deputy Director of the Police Department of the Ministry of the Interior Kaohsiung City Government Police Chief chief of criminal police | Chairman of Quan'an Technology Property Co., Ltd. Vice Chairman of Kee Tai Properties Co., Ltd. Independent Director, Audit Committee of Quang Viet Enterprise Co., Ltd. Director Representative of Tatung Asset Development Company Independent Director, Audit Committee, Remuneration Committee of MERCURIES & ASSOCIATES HOLDING, LTD. Director of Ksolar Co., Ltd Chairman of Helios power co., ltd. | None | None | None | None |
| Independent Director | Wu, Sou Shan | Male 71~80 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 07/07/2021 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | PhD of Department of Finance, Insurance & Real Estate, University of Florida Master's degree of Institute of Management of Science, National Chiao Tung University Bachelor's degree of Department of Accounting and Statistics, National Chung Hsing University Independent director of Yuanta Financial Holding Co., Ltd. (Yuanta Securities Co., Ltd.) Professor and dean of College of Management, Chang Gung University Professor of Chiao Tung University Consultant of Sate-owned Enterprise Commission, Ministry of Economic Affairs Supervisor of Hua Nan Financial Holding Co. (and permanent in Hua Nan Bank) Chairman of Securities & Futures Institute Chairman of Taipei Exchange | Remuneration Committee, Audit Committee of Jarlytec Co., Ltd. Chair professor at National Taiwan Normal University Independent Director, Audit Committee of Citibank Taiwan Independent Director, Audit Committee, Remuneration Committee of Energenesis Biomedical Co., Ltd. Consultant of Taiwan Institute of Economic Research Supervisor of Private School HSING, HSUEH Foundation Independent Director, Audit Committee, Remuneration Committee of FABULOUS GLOBAL HOLDING CO., LTD. | None | None | None | None |

| Title | Name | Gender, age | Nationality or place of registration | Date Elected | Term | Date First Elected | Shareholding when elected | | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Remark (Note) |
|----------------------|-------------------|--------------|--------------------------------------|--------------|---------|--------------------|---------------------------|----|--------------|----|-----------------------------|----|-------------------------------------|----|--|--|---|------|----------|---------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Independent Director | Yang, Shang Hsien | Male 51~60 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 07/07/2021 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Department of Accounting, Tamkang University Accountant of Baker Tilly Clock & Co Accountant of Lan-Jai CPAs Firm | Accountant of Cheng Yang CPAs Firm Juristic representative director of YesHealth Agri-Biotechnology Co., Ltd. Independent director of Da Hui Limited Independent director of REPOND Co., Ltd. Supervisor of Chip Hope Co., Ltd. Independent director of Yeedex Electronic Corporation Supervisor of A Shine Biotech Corp. Director of INTER GREAT HOLDINGS LTD. | None | None | None | None |
| Independent Director | Lee, Chien Ming | Male 51~60 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 07/07/2021 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Master of Business Administration, EMBA of National Taiwan University PhD of Department of Science, New York University Tandon School of Engineering Master's degree of Department of Science, Fu Jen Catholic University Bachelor's degree of Department of Science, Fu Jen Catholic University Asia area manager of Ciba Specialty Chemicals Inc. General manager of the subsidiary, View Sonic Group (Sintech Technology Corp./Opti International Corp., Taiwan) Vice general manager of Marketing and Purchasing Departments, Chan Mao Optoelectronics Co., Ltd. Taiwan's General manager of LG Display Co., Ltd. General manager of Asian Chemical Group Division | Vice general manager of TPK Holding Co., Ltd. General manager of TPK Auto Tech (Xiamen) Limited Independent director, Audit Committee, Remuneration Committee of UNIC TECHNOLOGY CORP. | None | None | None | None |
| Independent Director | Lee, Hsin Jin | Female 61-70 | Taiwan (R.O.C) | 06/18/2024 | 3 Years | 06/18/2024 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Master of English Teaching, University of Birmingham | Professor of National Taipei Commerce University | None | None | None | None |

Note1: If the chairman of the board of directors and the general manager or equivalent (top manager) of the company are the same person, spouses or relatives of each other, they shall state the reasons, rationality, necessity and Countermeasures (for example, increasing the number of independent directors and more than half of the directors shall not be employees or managers). The chairman of the company concurrently serves as the general manager to improve the operation efficiency and the implementation of executive decisions. However, to improve the corporate governance and strengthen the independence of the board of directors, in addition to close and full communication with all directors, the company has increased the number of independent directors, the functions of the board of directors and strengthened the supervision function. The company has the following specific measures:

- (1) Set up four independent directors to effectively play the supervision function.
- (2) Set up functional committees (salary, remuneration and audit), fully discuss and put forward professional suggestions for the reference of the board of directors to implement corporate governance.
- (3) More than half of the members of the board of directors do not concurrently serve as employees or managers.
- (4) Every year, each director is arranged to attend courses of external professional institutions to improve the professional ability of directors to improve the operation efficiency of the board of directors. Arrange each director to attend the courses of external professional every institutions year to improve the professional level of directors

2.1.2 Major shareholders of Corporate Shareholders

April 21, 2025

| Name of corporate shareholder | Major shareholders of corporate shareholders |
|---------------------------------------|--|
| Dellson investment Co., Ltd. | Lavish Investment Development Ltd., (13.75%), Tai Yuan Chang (25%), Shu Jin Hsu (25%), Chia Yueh Chang (18.75%), Sung Yueh Chang (17.5%) |
| Sunrise investment Co., Ltd. | Jumbo Technology Ltd., (100%) |
| Young Win assets management Co., Ltd. | Kuang Hua Liu (63 %), Wu, Yi Chuan (32%), Liu, Chih Chen (3%), Liu, Pei Yu (2%) |

2.1.3 If the principal shareholder of a legal person shareholder is a legal person, its principal shareholder

April 21, 2025

| Name of Legal Representative | Shareholders of Legal Representative |
|------------------------------------|---|
| Lavish investment development Ltd. | Tai Yuan Chang (50%), Shu Jin Hsu (50%) |
| Jumbo Technology Ltd. | Kuang Hua Liu (50%), Tai Yuan Chang (50%) |

2.1.4 Disclosure of professional qualifications of directors and supervisors and independence of independent directors

| Qualification Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|--|---|---|--|
| Chairman Dellson Investment Co., Ltd. Representative: Chang, Tai - Yuan | 1. Board leadership experience (For work experience, see Director Profile on page 18). 2. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making. 3. There are no circumstances under Article 30 of the Company Law. | (6)(7)(8)(9)(10)(11) | 0 |
| Vice Chairman Sunrise Investment Co., Ltd. Representative: Liu, Kuang - Hua | 1. Board leadership experience (For work experience, see Director Profile on page 18). 2. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making. 3. There are no circumstances under Article 30 of the Company Law. | (6)(7)(8)(9)(10)(11) | 1 |
| Director Young Win Assets Management CO., Ltd. Representatives: Liu, Bo-Liang | 1. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook. 2. There are no circumstances under Article 30 of the Company Law. (For work experience, please refer to page 18 for director information) | (2)(6)(7)(8)(9)(10)(11) | 2 |
| Independent Director Wu, Sou-Shan | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 18). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) | 2 |
| Independent Director Yang, Shang-Hsien | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 18). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) | 3 |

| Qualification Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|--|---|---|--|
| Independent Director Lee, Chien - Ming | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 18). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) | 1 |
| Independent Director Lee, Shin Jin | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 18). 2. Knowledge of international market outlook, leadership decision-making. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) | 0 |

*The independence of directors and supervisors in the two years before election and during their term of office. (Those who meet the requirements are disclosed in the above table)

- (1) Not an employee of the company or its affiliated enterprises.
- (2) Directors and supervisors who are not directors or supervisors of the company or its affiliated enterprises (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations).
- (3) Natural person shareholders who are not themselves, their spouses, minor children or who hold more than 1% of the total issued shares of the company in the name of others or who hold the top 10 shares.
- (4) Not the manager listed in (1) or the spouse of the personnel listed in (2) and (3), relatives within the second degree of kinship or immediate blood relatives within the third degree of kinship.
- (5) Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint representatives to act as directors or supervisors of the company in accordance with paragraph 1 or 2 of Article 27 of the company law (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations).
- (6) Directors, supervisors or employees of other companies who are not directors or have more than half of the voting shares of the company been controlled by the same person (except for independent directors set up by the company or its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations)
- (7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse with the chairman, general manager or equivalent position of the company (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Law or local laws and regulations).
- (8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the issued shares of a specific company or institution that does not have financial or business dealings with the company (except that if a specific company or institution holds more than 20% but less than 50% of the total issued shares of the company and is an independent director set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or the laws and regulations of the local country).
- (9) Professionals, proprietors, partners, directors (directors), supervisors (supervisors), managers and their spouses of sole proprietorships, partnerships, companies or institutions who do not provide audit services for companies or affiliated enterprises or who have received remuneration of less than NT \$500,000 in business, legal, financial, accounting and other related services in the past two years. However, this restriction shall not apply to the members of the salary and Remuneration Committee, the public takeover review committee or the Special Committee on mergers and acquisitions who perform their functions and powers in accordance with the securities and exchange law or the relevant laws and regulations of the enterprise merger and Acquisition Law.
- (10) No spouse or kinship within the second degree with other directors.
- (11) There is no one of the circumstances specified in Article 30 of the company law.
- (12) There is no provision in Article 27 of the company law that the government, legal person or its representative shall be elected.

2.1.5 Diversity and independence of the board of directors

(1) Diversity of the Board of Directors

The structure of the board of directors of the company shall determine the appropriate number of directors with more than five members based on the scale of the company's operation and development and the shareholding of its major shareholders, considering the needs of practical operation. The composition of the board of directors should consider diversification. In addition to the fact that the number of directors who are also managers of the company should not exceed one-third of the number of directors,

appropriate diversification policies should be formulated according to their own operation, operation type and development needs.

When appointing directors, the company not only considers the professional background of the directors themselves, but also one of the crucial factors. The company has 7 directors, of which 4 are independent directors; Among the directors, one independent director is female. The professional background of the members covers management, science and engineering, lawyers, accountants and industrial operators. The members of the board of directors have industrial, academic and knowledge diversified backgrounds and can give professional opinions from different angles, which is of major help to improve the company's business performance and management efficiency.

Among the members of the board of directors, the proportion of directors with employee status is 28.57% and the proportion of independent directors is 57.14%. The company also pays attention to gender equality in the composition of the board of directors. The target of female directors is more than 25%. At present, there are seven directors, including one female director, with a ratio of about 14.29%. The diversity of more board members is as follows:

| Item Name | Nationality | Gender | Employee nt in Jarlytec | Age | | | | | Term | | Operational Judgment | Financial Analysis | Management | Industry Knowledge | Management Risk | Market View | Lead | Decision Making |
|-------------------------|---------------|--------|-------------------------------|---------------|---------------|---------------|---------------|------------|--------------|--------------|-------------------------|-----------------------|------------|-----------------------|--------------------|----------------|------|--------------------|
| | | | | 31 ~ 40 | 41 ~ 50 | 51 ~ 60 | 61 ~ 70 | Over 71 | 0~3 years | 4~6 years | | | | | | | | |
| Chang, Tai Yuan | Taiwan(R.O.C) | Male | V | | | | V | | | | V | | V | V | V | V | V | V |
| Liu, Kuang Hua | | Male | V | | | | V | | | | V | | V | V | V | V | V | V |
| Liu, Bo- Liang | | Male | | | | | V | | | | V | | V | V | V | V | V | V |
| Wu, Sou Shan | | Male | | | | | | V | | V | V | V | V | V | V | V | V | V |
| Yang, Shang Hsien | | Male | | | | V | | | | V | V | V | V | V | V | V | V | V |
| Lee, Chien Ming | | Male | | | | V | | | | V | V | V | V | V | V | V | V | V |
| Lee, Shin Jin | | Female | | | | | V | | V | | V | | V | V | V | V | V | V |

(2) Independence of the Board of Directors

The company re-elected directors (including independent directors) in 2024. At present, there are 7 directors in the board of directors, of which 4 are independent directors, accounting for 57.14% of the independent directors. Please refer to "4. Disclosure of Professional Qualifications of Directors and Supervisors and Information Disclosure of Independent Directors' Independence" for the matters stipulated in Items 3 and 4.

2.1.6 Information of the general manager, deputy general manager, associate manager, heads of departments and branches

April 21, 2025

| Title | Nationality | Name | Gender | Date of appointment to position | Holding Shares | | Relatives hold shares | | Under Other's | | Experience | Occupation | Title | Name | Relationship | Employee Options | Remark |
|-------------------------------|----------------|------------------|--------|---------------------------------|----------------|-------|-----------------------|-------|---------------|-------|--|---|-------------------------------|-----------------|--------------|------------------|--------|
| | | | | | Shares | Ratio | Shares | Ratio | Shares | Ratio | | | | | | | |
| Gernal Manager | Taiwan (R.O.C) | Chang, Tai Yuan | Male | 07/07/2004 | 711,325 | 1.08% | 470,467 | 0.71% | 3,864,000 | 5.85% | Master of Business Administration, EMBA, Taipei University Chairman of Jarson Precision Technology Co., Ltd. | Chairman of Jarllytec Co., Ltd. Jarwin Investment Co., Ltd. supervisor representative Chairman of Dellson Investment Co., Ltd. Director representative of Smart Hinge Holding Ltd. Director representative of Royal Jarlly Holding Ltd. Director representative of Great Hinge Trading Ltd. Director representative of Jarllytec (Vietnam) Co., Ltd. Director representative of Jarllytec Singapore Pte. Ltd. Chairman of Jarlly Technology(Shanghai) Co., Ltd., Fu-Qing Jarlly Electronics Co., Ltd., Dong Guan Jarlly Electronics Co., Ltd., Jarlly Electronics Technology (Shanghai) Co., Ltd., Kunshan Jarlly Electronics Ltd., Xiamen Jarlly Electronics Co., Ltd., Jarlly Technology(Chongqing) Co., Ltd., ZheJiang Jarlly Precision Technology Co., Ltd. | Senior Deputy General Manager | Hsu, Yao Kun | affinity | None | Note1 |
| Senior Deputy General Manager | Taiwan (R.O.C) | Hsu, Yao Kun | Male | 02/01/2005 | 70,793 | 0.11% | 0 | 0% | 0 | 0% | Tsinghua University Jarllytec Sales Manager | General Manager of South China: Fu-Qing Jarlly, Xiamen Jarlly, Dong Guan Jarlly, Director of Fu-Qing Jarlly, Dong Guan Jarlly, Xiamen Jarlly, Jarllytec (Thailand) Co., Ltd. | Gernal Manager | Chang, Tai Yuan | affinity | None | None |
| Senior Deputy General Manager | Taiwan (R.O.C) | Huang, Chin Ming | Male | 07/01/2005 | 10,220 | 0.02% | 0 | 0% | 0 | 0% | Department of Mechanical Engineering, Chinese Culture University Director of Institutional Design of Tatung Company | General Manager of East China: Shanghai Jarlly, Chongqing Jarlly, Shanghai Jarlly Director of Jarlly Electronic Shanghai, Kunshan Jarlly | None | None | None | None | None |
| Deputy General Manager | Taiwan (R.O.C) | Hung, Chin Fu | Male | 07/07/2004 | 192,300 | 0.29% | 187,116 | 0.28% | 1,100,000 | 1.66% | Qinyi Engineering College Mechanical Division Qianji Company | Supervisor of Chongqing Jarlly General Manager of Jarllytec (Vietnam) Co., Ltd. Deputy General Manager of Kunshan Jarlly | None | None | None | None | None |
| Deputy General Manager | Taiwan (R.O.C) | Li, Yung Ta | Male | 02/01/2005 | 0 | 0% | 0 | 0% | 0 | 0% | PhD in Mechanical Engineering, National Taiwan University Shentong Computer Lecturer | None | None | None | None | None | None |
| Deputy General Manager | Taiwan (R.O.C) | Huang, Shih Hui | Male | 07/30/2012 | 0 | 0% | 0 | 0% | 0 | 0% | Bachelor of Mechanical Engineering, National Taiwan University Master of Industrial Engineering, Iowa State University Meilong Industrial R&D Manager Ford Liuhe Design and Technology Center Manager | None | None | None | None | None | None |

| Title | Nationality | Name | Gender | Date of appointment to position | Holding Shares | | Relatives hold shares | | Under Other's | | Experience | Occupation | Title | Name | Relationship | Employee Options | Remark |
|------------------------|----------------|------------------|--------|---------------------------------|----------------|-------|-----------------------|-------|---------------|-------|--|--|-------|------|--------------|------------------|--------|
| | | | | | Shares | Ratio | Shares | Ratio | Shares | Ratio | | | | | | | |
| Deputy General Manager | Taiwan (R.O.C) | Chang, Yu Chung | Male | 08/01/2021 | 0 | 0% | 0 | 0% | 0 | 0% | Bachelor of Industrial Design, Datong University of Technology General Manager of Hanyang Precision, Getac Group Senior Director of Handa Precision, Mitac Group Huayu Group Jiada Precision Business Associate | | None | None | None | None | None |
| Accounting Director | Taiwan (R.O.C) | Chen, Ying Syuan | Female | 06/18/2019 | 4,622 | 0.01% | 0 | 0% | 0 | 0% | Master of EMBA School of Management, National Taiwan University of Science and Technology Department of Accounting, Soochow University KPMG Manager | Legal Representative Supervisor of Jarlly Technology(Shanghai) Co., Ltd., Dong Guan Jarlly Electronics Co., Ltd., Jarlly Electronics Technology (Shanghai) Co., Ltd., Kunshan Jarlly Electronics Ltd., Xiamen Jarlly Electronics Co., Ltd., ZheJiang Jarlly Precision Technology Co., Ltd. | None | None | None | None | None |

Note11: If the chairman of the board of directors and the general manager or equivalent (top manager) of the company are the same person, spouses or relatives of each other, they shall state the reasons, rationality, necessity and Countermeasures (for example, increasing the number of independent directors and more than half of the directors shall not be employees or managers). The chairman of the company concurrently serves as the general manager to improve the operation efficiency and the implementation of executive decisions. However, to improve the corporate governance and strengthen the independence of the board of directors, in addition to close and full communication with all directors, the company has increased the number of independent directors, the functions of the board of directors and strengthened the supervision function. The company has the following specific measures:

(1) Set up four independent directors to effectively play the supervision function.

(2) Set up functional committees (salary, remuneration and audit), fully discuss and put forward professional suggestions for the reference of the board of directors to implement corporate governance.

(3) More than half of the members of the board of directors do not concurrently serve as employees or managers.

(4) Every year, each director is arranged to attend courses of external professional institutions to improve the professional ability of directors to improve the operation efficiency of the board of directors. Arrange each director to attend the courses of external professional every institutions year to improve the professional level of directors

2.2 Annual remuneration paid to directors, supervisors, general managers and Deputy General Managers

2.2.1 Remuneration of Directors and Independent Directors

Dec 31 2024 Unit: NT\$ thousand

| Title | Name | Remuneration to directors | | | | | | | | Sum of A+B+C+D and ratio to net income | | Remuneration received by directors for concurrent service as an employeeec | | | | | | | | Sum of A+B+C+D+E+F +G and ratio to net income | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|----------------------|---|-----------------------------|----------------------------------|--------------------------------------|----------------------------------|--|---------------------------------------|------------------------------------|---------------------------------------|---|---------------------------------|---|----------------------------------|--------------------------------------|----------------------------------|---|---|------------------------------|---|--|----------------------------------|---|
| | | Base Compensation (A) | | Retirement pay and pension (B) | | Director profitsharing compensation (C) | | Expenses and perquisites (D) | | | | Salary, rewards, and special disbursements (E) | | Retirement pay and pension (F) | | Employee profit-sharing compensation (G) | | | | | | |
| | | The company | All Consolidat ed entities | The company | All Consolidat ed entities | The company | All Consolida ted entities s | The comp any | All Consolidat ed entities s | The company | All Consolidated entities | The company | All Consolidat ed entities | The company | All Consolida ted entities | The company | | All Consolidated entities | | The company | All Consolidat ed entities | |
| Chairman | Dellson Investment Co., Ltd. | 4,309 | 4,846 | 107 | 107 | 10,398 | 10,398 | 15 | 15 | 14,829 2.57% | 15,366 2.66% | 3,901 | 4,438 | 107 | 107 | 0 | 0 | 0 | 0 | 18,836 3.27% | 19,911 3.45% | 0 |
| Representative | Chang, Tai Yuan | | | | | | | | | | | | | | | | | | | | | |
| Vice-Chairman | Young Win Assets Management CO., Ltd | | | | | | | | | | | | | | | | | | | | | |
| Representative | Liu, Kuang Hua | | | | | | | | | | | | | | | | | | | | | |
| Director | .Sunrise Investment Co., Ltd. | | | | | | | | | | | | | | | | | | | | | |
| Representative | Liu, Bo-Liang | 1,320 | 1,320 | 0 | 0 | 2,655 | 2,655 | 66 | 66 | 4,041 0.70% | 4,041 0.70% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,041 0.70% | 4,041 0.70% | 0 |
| Independent Director | Liu, Chun Ying | | | | | | | | | | | | | | | | | | | | | |
| | Wu, Sou Shan | | | | | | | | | | | | | | | | | | | | | |
| | Yang, Shang Hsien | | | | | | | | | | | | | | | | | | | | | |
| | Lee, Chien Ming | | | | | | | | | | | | | | | | | | | | | |
| | Lee, Shin Jin | | | | | | | | | | | | | | | | | | | | | |

1. The remuneration policy, system, standard and structure of independent directors and the relationship with the amount of remuneration paid according to the responsibilities, risks, investment time and other factors. In Chapter 6, Article 22, if the company has a profit in the year, it shall allocate no more than 2% as the director's remuneration. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it. And in accordance with the company's "Board of Directors" Performance Evaluation Method" to evaluate the degree of participation in the company's operations and the value of its contribution (for example: interaction with the management team, understanding of the company's industry.), taking into account domestic and foreign industry standards to provide reasonable remuneration, the relevant performance assessment and the rationality of the remuneration are reviewed by the Remuneration Committee and the Board of Directors and the remuneration system will be reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations.

2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all the companies in the financial report in the most recent year (such as serving as a consultant for the parent companies in the financial report/reinvestment enterprises that are not employees of the company): None.

Note 1: Directors' remuneration refers to the amount of directors' remuneration distributed by the board of directors in 2024.

Note 2: The Company has not issued employee stock option certificates or restricted new shares of employee rights.

Note 3: It is based on the amount of employee remuneration distributed by the board of directors in 2024 and estimated based on the ratio of the distribution amount in 2023s.

Remuneration scale

| Range of Remuneration | Name of Directors | | | |
|-------------------------------------|---|---|--|---|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The company | All Consolidated entities | The company | All Consolidated entities |
| Under NT\$1,000,000 | Lee, Shin Jin, Liu, Chun Ying Young Win Assets Management CO., Ltd./Sunrise Investment Co., Ltd. Representative Liu, Bo-Liang | Lee, Shin Jin, Liu, Chun Ying Young Win Assets Management CO., Ltd./Sunrise Investment Co., Ltd. Representative Liu, Bo-Liang | Lee, Shin Jin, Liu, Chun Ying Young Win Assets Management CO., Ltd./Sunrise Investment Co., Ltd. Representative Liu, Bo-Liang | Lee, Shin Jin, Liu, Chun Ying Young Win Assets Management CO., Ltd./Sunrise Investment Co., Ltd. Representative Liu, Bo-Liang |
| NT\$ 1,000,000 ~ NT\$2,000,000 | Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming | Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming | Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming | Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming |
| NT\$2,000,000 ~ NT\$3,500,000 | - | - | - | - |
| NT\$3,500,000 ~ NT\$5,000,000 | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan | - | - |
| NT\$5,000,000 ~ NT\$10,000,000 | Sunrise Investment Co., Ltd./ Young Win Assets Management CO., Ltd. Representative: Liu, Kuang Hua | Sunrise Investment Co., Ltd. Young Win Assets Management CO., Ltd. Representative: Liu, Kuang Hua | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan Sunrise Investment Co., Ltd./ Young Win Assets Management CO., Ltd. Representative: Liu, Kuang Hua | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan Sunrise Investment Co., Ltd. Young Win Assets Management CO., Ltd. Representative: Liu, Kuang Hua |
| NT\$10,000,000 ~ NT\$15,000,000 | - | - | - | - |
| NT\$15,000,000 ~ NT\$30,000,000 | - | - | - | - |
| NT\$30,000,000 ~ NT\$50,000,000 | - | - | - | - |
| NT\$50,000,000 ~ NT\$100,000,000 | - | - | - | - |
| Over NT\$100,000,000 | - | - | - | - |
| Total amount of person | 8 | 8 | 8 | 8 |

2.2.2 Remuneration of Management team

The company set up an audit committee on June 21, 2018 to replace the functions and powers of supervisors, so this disclosure is not applicable.

2.2.3 Compensation paid to President and Vice-President

Dec 31 2024 Unit: NT\$ thousand

| Title | Name | Salary(A) | | Retirement pay and pension (B) | | Rewards and special disbursements (C) | | Employee profit-sharing compensation (D) | | | | Sum of A+B+C+D and ratio to net income (%) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|-------------------------------|------------------|-------------|---------------------------|--------------------------------|---------------------------|---------------------------------------|---------------------------|--|-------|---------------------------|-------|--|------------------------------|--|
| | | The company | All Consolidated entities | The company | All Consolidated entities | The company | All Consolidated entities | The company | | All Consolidated entities | | The company | All Consolidated entities ts | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager | Chang, Tai Yuan | 11,989 | 14,196 | 755 | 755 | 4,728 | 4,728 | 3,641 | 0 | 3,641 | 0 | 21,114 3.66% | 23,320 4.04% | 0 |
| Senior Deputy General Manager | Hsu, Yao Kun | | | | | | | | | | | | | |
| Senior Deputy General Manager | Huang, Chin Ming | | | | | | | | | | | | | |
| Deputy General Manager | Hung, Chin Fu | | | | | | | | | | | | | |
| Deputy General Manager | Li, Yung Ta | | | | | | | | | | | | | |
| Deputy General Manager | Huang, Shih Hui | | | | | | | | | | | | | |
| Deputy General Manager | Chang, Yu Chung | | | | | | | | | | | | | |
| Chief Financial Officer | Hsu, Pei Wen | | | | | | | | | | | | | |

*1: It is the amount of employee compensation approved by the board of directors in 2025 and estimated according to the ratio of distribution amount in 2024.

*2: The company has not issued employee stock option certificates or new shares restricting employees' rights.

*3: Chief Financial Officer retired one Mar 31 2024

Remuneration scale

| Range of Remuneration | Name of President and Vice President | |
|--------------------------------------|--|--|
| | The company | All Consolidated entities |
| Under NT\$1,000,000 | Hsu, Pei Wen, | Hsu, Pei Wen, |
| NT\$1,000,000~NT\$2,000,000 | - | - |
| NT\$2,000,000~NT\$3,500,000 | Hsu, Yao Kun, Huang, Chin Ming, Hung, Chin Fu, Li, Yung Ta, Huang, Shih Hui, Chang, Yu Chung | Hsu, Yao Kun, Hung, Chin Fu, Li, Yung Ta, Huang, Shih Hui, Chang, Yu Chung |
| NT\$3,500,000~NT\$5,000,000 | Chang, Tai Yuan, | Chang, Tai Yuan, Huang, Chin Ming, |
| NT\$5,000,000~NT\$10,000,000 | - | - |
| NT\$10,000,000~NT\$15,000,000 | - | - |
| NT\$15,000,000~NT\$30,000,000 | - | - |
| NT\$30,000,000~NT\$50,000,000 | - | - |

| Range of Remuneration | Name of President and Vice President | |
|--|--------------------------------------|---------------------------|
| | The company | All Consolidated entities |
| NT\$50,000,000 ~NT\$100,000,000 | - | - |
| Over NT\$100,000,000 | - | - |
| Total amount of person | 8 | 8 |

2.2.4 Name of the manager who allocates employee remuneration and distribution

Dec 31 2024 Unit: NT\$ thousand

| Title | Name | Amount in stock | Amount in cash | Total | As a % of net profit |
|-------------------------------|------------------|-----------------|----------------|-------|----------------------|
| General Manager | Chang, Tai-Yuan | 0 | 5,259 | 5,259 | 0.91% |
| Senior Deputy General Manager | Hsu, Yao Kun | | | | |
| Senior Deputy General Manager | Huang, Chin Ming | | | | |
| Deputy General Manager | Hung, Chin Fu | | | | |
| Deputy General Manager | Li, Yung Ta | | | | |
| Deputy General Manager | Huang, Shih Hui | | | | |
| Deputy General Manager | Chang, Yu Chung | | | | |
| Chief Financial Officer | Chen, Ying Syuan | | | | |
| Corporate Governance Officer | Chung, Hsin Ru, | | | | |

*In the series, fill in the amount of employee remuneration (including stock and cash) approved by the board of directors to distribute to managers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount of last year. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report of the most recent year.

Note 1: The amount of employee remuneration distributed by the board of directors in 2025 is estimated based on the ratio of the amount distributed in 2024.

Note 2: Chief Financial Officer Chen, Ying Syuan started the position on 2024/05/06.

Note 3: Corporate Governance Officer Chung, Hsin Ru started the position on 2024/01/24.

2.2.5 Compare and explain the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general manager of the company and all companies in the consolidated statements in the net profit after tax of individual or individual financial reports in the last two years, and explain the policy, standard and combination of remuneration, procedures for setting remuneration, and the relationship with business performance and future risks.

- (1) Analysis of the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general manager of the company by the company and all companies in the consolidated statements in the net profit after tax of individual or individual financial reports in the last two years

Unit: NT\$ thousand

| Title | 2023 | | | | 2024 | | | |
|--|--------------------|---------------------------|--------------------------|---------------------------|--------------------|---------------------------|--------------------------|---------------------------|
| | Total remuneration | | Net profit after tax (%) | | Total remuneration | | Net profit after tax (%) | |
| | The company | All Consolidated entities | The company | All Consolidated entities | The company | All Consolidated entities | The company | All Consolidated entities |
| Director* ¹ | 22,558 | 23,799 | 4.21 | 4.45 | 22,877 | 23,952 | 3.97 | 4.15 |
| Supervisor* ² | - | - | - | - | - | - | - | - |
| General Manager and Deputy General Manager* ³ | 22,812 | 24,951 | 4.26 | 4.66 | 21,114 | 23,320 | 3.66 | 4.04 |

In 2024, Jarlytec Corporation's net profit after tax increased compared to 2023. In accordance with the Company's Articles of Incorporation, directors' remuneration was allocated accordingly.

The correlation between the changes in net profit after tax and directors' remuneration remains reasonable.

*1: The total remuneration includes remuneration, retirement pension, directors' remuneration, business execution expenses, salaries of concurrent employees, bonuses, special expenses, retirement pension and employee remuneration.

*2: The total remuneration includes remuneration, remuneration and business execution expenses; Jarllytec set up an audit committee to replace the supervisor on June 21, 2018.

*3: The total remuneration includes salary, retirement pension, bonus and special expenses and employee remuneration.

- (2) The company's policies, standards and combination of remuneration, the procedures for setting remuneration and the relationship with business performance and future risks.

The salary structure of the company is divided into salary, year-end bonus and employee compensation (variable salary). The higher the rank, the higher the responsibility for the company's business performance, so the higher the proportion of variable salary.

The payment policy of the company to the directors is clearly stipulated in Article 22 of Chapter VI of the articles of association. If the company makes profits in the year, it shall allocate no more than 2% as the directors' remuneration. However, if the company still has accumulated losses, the amount to be made up shall be reserved. In accordance with the company's "performance evaluation measures of the board of directors", evaluate its participation in the operation of the company and the value of its contribution (such as the interaction with the management team, the understanding of the company's industry.), consider the industry standards at home and abroad and give reasonable remuneration. The relevant performance evaluation and remuneration rationality are reviewed by the salary and Remuneration Committee and the board of directors and timely review the remuneration system according to the actual business conditions and relevant laws and regulation.

The remuneration of the general manager and deputy general manager includes salary, bonus, employee remuneration. the salary structure includes principal salary, grade bonus, supervisor bonus, food allowance, professional bonus. the board of directors authorizes the chairman to consider the nature and responsibilities of his work and consider his educational background, experience, skills, potential development KPI performance evaluation results and whether there are risk events causing the company's negative image (such as improper internal management, malpractice.) and other factors. The amount of employee remuneration shall be based on the total amount of annual EPS performance allocation. After the resolution of the board of directors and the report of the shareholders' meeting, the remuneration payable to individual employees shall be determined according to the employee's work performance, seniority, grade and special contribution. In addition, the company also considers the changes in the global economy and industrial prosperity, estimates the company's future operation development, profit situation and operation risk and makes appropriate adjustments.

2.3 Implementation of Corporate Governance

2.3.1 The operation of the board of directors

The Board of Directors has held 6 meetings in the last year (A) and the attendance of directors is as follows:

| Title | Name | No. of meetings attended in person (B) | No. of meetings attended in proxy | In-person attendance rate (%) [B/ A] | Remark |
|--|---|--|-----------------------------------|--------------------------------------|-------------------------------|
| Old (Required Attendance: 3 times) | | | | | |
| Director | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan | 3 | 0 | 100% | 07/07/2021 Re-election |
| Director | Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua | 3 | 0 | 100% | 07/07/2021 Re-election |
| Director | Young Win Assets Management CO., Ltd. Representative: Liu, Bo-Liang | 3 | 0 | 100% | 05/01/2023 New appointment |
| Independent Director | Liu, Chun Ying | 3 | 0 | 100% | 07/07/2021 Re-election |
| Independent Director | Wu, Sou Shan | 3 | 0 | 100% | 07/07/2021 New appointment |
| Independent Director | Yang, Shang Hsien | 3 | 0 | 100% | 07/07/2021 New appointment |
| Independent Director | Lee, Chien Ming | 3 | 0 | 100% | 07/07/2021 New appointment |
| New (Required Attendance: 3 times, Elected Date: 2024/06/18) | | | | | |
| Director | Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan | 3 | 0 | 100% | 06/18/2024 Re-election |
| Director | Young Win Assets Management CO., Ltd. Representative: Liu, Kuang Hua | 3 | 0 | 100% | 06/18/2024 Re-election |
| Director | Sunrise Investment Co., Ltd. Representative: Liu, Bo-Liang | 3 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Yang, Shang Hsien | 3 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Wu, Sou Shan | 3 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Lee, Chien Ming | 3 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Lee, Shin Jin | 3 | 0 | 100% | 06/18/2024 New appointment |

Other items to be recorded were as fellows

- I. In case of any of the following circumstances in the operation of the board of directors, the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

(1) The matters listed in article 14-3 of the securities and exchange law.

Please refer to IV. Operation of Corporate Governance (XI) Important Resolutions of the Board of Directors.

(2) In addition to the previous matters, other matters resolved at the board meeting with objections or reservations of independent directors and records or written statements: None

- II. The implementation of the director's recusal of the interest proposal shall state the name of the director, the content of the proposal, the reasons for the recusal of interest and the circumstances of participation in voting

| Date | Name | Contents | Reasons for the recusal of interest and the circumstances of participation in voting |
|------------|----------------------------------|--|---|
| 01/24/2024 | Chang, Tai Yuan Liu, Guan Hua | Discuss the company's 2023 annual manager's employee compensation cash distribution. | Chairman Chang Tai-yuan: As the agenda item pertains to year-end bonuses, which involves personal interests, I will recuse myself. Independent Director Yang Shang-hsien is requested to act as the proxy chair. Vice Chairman Liu Kuang-hua: As the agenda item pertains to year-end bonuses, which involves personal interests, I will recuse myself. With the exception of Chairman Chang Tai-yuan and Vice Chairman Liu Kuang-hua, who recused themselves due to conflicts of interest, the proxy chair consulted the attending directors, and the resolution was passed without objection. |
| 08/09/2024 | Chang, Tai Yuan | Discuss the company's 2023 annual manager's employee compensation cash distribution. | Director Chang, Tai Yuan also serves as the general manager, but because he did not receive employee remuneration in 2023, he has no interest and does not need to avoid interests. The case was approved by the chairman after consultation with all the directors present without objection. |

- III. period, evaluation scope, method and evaluation content of the board of directors' self (or peers) evaluation and fill in the attached table on the implementation of the board of directors' evaluation:

The Board of Directors evaluates the implementation

| Evaluation cycle | Evaluation period | Scope of evaluation | Method of evaluation | Evaluation content |
|------------------|---------------------|------------------------|---|---|
| Once pre year | 1/1/2024~12/31/2024 | Compensation Committee | Internal self-assessment | (1) Participation in the company's operations (2) Cognition of Compensation Committee's Responsibilities (3) Improve the decision-making quality (4) Composition and structure of Compensation Committee (5) Internal control |
| | | Audit Committee | member self-assessment | (1) Participation in the company's operations (2) Cognition of Audit Committee's Responsibilities (3) Improve the decision-making quality (4) Composition and structure of Audit Committee (5) Internal control |
| | | Board of Directors | Internal self-assessment , member self-assessment | Contents of the performance evaluation of the board of directors: (1) Participation in the company's operations (2) Improve the decision-making quality of the board of directors (3) Composition and structure of the board of directors (4) Election of Directors and Continuing Education (5) Internal control Contents of performance evaluation of individual board members: (1) Mastering the company's goals and tasks (2) Cognition of Directors' Responsibilities (3) Participation in the company's operations (4) Internal relationship management and communication (5) Professional and continuing education of directors (6) Internal control |

At the end of each year, the executive unit collects relevant information on the activities of the board of directors, fills out the "Board of Directors Performance Evaluation Self-evaluation Questionnaire" and "Functional Committee Performance Evaluation Self-evaluation Questionnaire" in Attachment 1, and distributes Attachment 3 "Board members (self or peers) Assessment Self-assessment Questionnaire" for directors to fill out, and finally the coordinating executive unit collects the data uniformly, In accordance with the scoring standards of the evaluation indicators in Article 7 of the performance evaluation method of

the board of directors of the company, record the evaluation result report, and report to the Board of Directors.

On January 17, 2025, the company submitted the performance evaluation of the year 2024 annual Compensation Committee, Audit Committee and the board of directors to the remuneration committee for evaluation, and the result was excellent and submitted to the board of directors for approval.

IV. Goals for strengthening the functions of the board of directors in the current year and the most recent year (such as setting up an audit committee, improving information transparency.) and evaluation of their implementation

i. Set up a compensation committee

The Company's Remuneration Committee was established on December 27, 2021. There are 3 members and at least two meetings are held every year. The members of the Remuneration Committee, in a professional and objective position, discuss the Company's remuneration policy and remuneration policy for directors and managers. The system is evaluated and recommendations are made to the board for reference in its decision-making.

ii. Executive training

The annual training of directors of the company complies with the regulations of the competent authority. For details of the training courses, please refer to the Public Information Observatory/Corporate Governance/Directors and Supervisors Attending (present) the board of directors and training.

iii. Improve information transparency

To improve information transparency, the company immediately announces important resolutions on the public information observatory after the meeting of the board of directors; the company's website also announces relevant measures to protect shareholders' rights and interests and improve investors' understanding and recognition of the company. In addition, in the 7th Corporate Governance Evaluation of the Securities and Foundation, the company was listed as the top 5% company in the evaluation results.

iv. Improve the operational efficiency and decision-making ability of the board of directors

To implement corporate governance, clearly define performance goals and improve the function and operational efficiency of the board of directors, the company passed the resolution of the board meeting on October 26, 2012 to formulate the company's "performance evaluation method for directors and supervisors" and 2019, August On the 8th, the board meeting passed a resolution to formulate the company's "Board of Directors Performance Evaluation Measures". In addition, in response to the amendments to laws and regulations, on December 30, 2020, the board of directors meeting passed a resolution to amend the relevant provisions and the performance of the board of directors shall be regularly evaluated every year according to the regulations.

v. Set up an audit committee

on June 21, 2018. The audit committee consists of 4 independent directors, 2 of whom are financial experts. Regularly convene the audit committee before the board of directors on a quarterly basis to review the company's internal control system and the implementation of internal audits and major financial business practices and communicate with the Certified Public Accountant to supervise the company's operations and risk control.

2.3.2 Operation of the Audit Committee

The Audit Committee held 5 meetings in the last year (A), and the attendance of independent directors is as follows:

| Title | Name | No. of meetings attended in person (B) | No. of meetings attended in proxy | In-person attendance rate (%) [B/ A] | Remark |
|--|-------------------|--|-----------------------------------|--------------------------------------|-------------------------------|
| Old (Required Attendance: 3 times) | | | | | |
| Convener | Liu, Chun Ying | 3 | 0 | 100% | 07/07/2021 Re-election |
| Independent Director | Wu, Sou Shan | 3 | 0 | 100% | 07/07/2021 New appointment |
| Independent Director | Yang, Shang Hsien | 3 | 0 | 100% | 07/07/2021 New appointment |
| Independent Director | Lee, Chien Ming | 3 | 0 | 100% | 07/07/2021 New appointment |
| New (Required Attendance: 2 times, Elected Date: 2024/06/18) | | | | | |
| Convener | Yang, Shang Hsien | 2 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Wu, Sou Shan | 2 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Lee, Chien Ming | 2 | 0 | 100% | 06/18/2024 Re-election |
| Independent Director | Lee, Shin Jin | 2 | 0 | 100% | 06/18/2024 New appointment |

Other matters to be recorded:

I. The annual work focusses of the Audit Committee:

The Audit Committee of the Company consists of 4 members from all independent directors. The Audit Committee is held in front of the board of directors on a quarterly basis to review the company's internal control system and the implementation of internal audit and major financial business practices and communicate with the Certified Public Accountant to supervise the company's operations and risk control. A total of 5 times in 2024 Meeting. The main review contents of the audit committee of the company are as follows:

1. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Law.
2. Evaluation of the effectiveness of the internal control system.
3. Prescribe or amend the procedures for handling major financial and business acts of acquiring or disposing of assets, engaging in derivative commodity

transactions, lending funds to others, or endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.

4. Matters involving the interests of directors themselves.
5. Significant asset or derivative product transactions.
6. Significant capital loan, endorsement or guarantee.
7. Raising, issuing or private placement of equity securities.
8. Appointment, dismissal or compensation of Certified Public Accountant.
9. Appointment and dismissal of financial, accounting or internal audit supervisors.
10. The annual financial report signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be verified and certified by an accountant.
11. Other major matters stipulated by the company or the competent authority.

II. In the case of any of the following circumstances in the operation of the audit committee, the date of the board of directors, the period, the content of the proposal, the results of the audit committee's resolutions and the company's handling of the audit committee's opinions shall be stated:

1. Matters listed in Article 14-5 of the Securities and Exchange Act.
2. Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors.

| Date | Proposal content and follow-up | SEC § 14-5 | Resolutions |
|-------------|--|------------|-------------|
| 01/24//2024 | 1.. Evaluate the independence of the company's certified accountants. | V | None |
| | 2. It is proposed to revise the general principles of the company's pre-approval of non-certified service policies. | V | None |
| | 3. The Company's 2024 consolidated comprehensive budget. | V | None |
| | 4. Formulate the capital increase base date for the company's first domestic unsecured conversion of corporate bonds to be converted into new shares in the fourth quarter of 2023. | V | None |
| | 5. The company's capital loan was 100% reinvested in Jarllytec (Vietnam) Co., Ltd., with a US\$4 million project. | V | None |
| | 6. Jarlly Electronics Technology (Shanghai) Co., Ltd. a 100% reinvestment of the company, provided a new capital loan of RMB 30 million to Jarlly Technology(Shanghai) Co., Ltd. | V | None |
| | 7. The case of ratifying the company's advance payment for goods to Jarson Precision Technology Co., Ltd. | V | None |
| | 8. The company plans to change the investment structure of Zhejiang ZheJiang Jarlly Precision Technology Co., Ltd. | V | None |
| | The result of the resolution of the Audit Committee (01/24//2024): After consultation by the chairman of all the attending members, the proposal was passed without objection. The company's handling of the audit committee's opinion: None. | | |
| 03/08/2024 | 1. The company's individual financial statements and consolidated financial statements for 2023 in the Republic of China. | V | None |
| | 2. It is planned to adopt the company's 2023 "Internal Control System Statement". | V | None |
| | 3. Acknowledge the company's 2023 annual business report. | V | None |
| | 4. The company plans to increase capital by US\$5 million to 100% of the investment in Jarlly Technology(Shanghai) Co., Ltd. through a third company, and then transfer capital to Zhejiang Jarlly Precision Technology Co., Ltd. | V | None |

| Date | Proposal content and follow-up | SEC § 14-5 | Resolutions |
|------------|--|------------|-------------|
| 03/08/2024 | The result of the resolution of the Audit Committee (03/08/2024): After consultation by the chairman of all the attending members, the proposal was passed without objection. | | |
| | The company's handling of the audit committee's opinion: None. | | |
| 05/06/2024 | 1. The company's consolidated financial statements for the first quarter of 2024. | V | None |
| | 2. Discuss the company's 2023 earnings distribution plan. | V | None |
| | 3. Change of financial officer of the company. | V | None |
| | 4. Royal Jarlly Holding Ltd. which is 100% reinvested by the company, plans to increase the capital of Jarllytec (Thailand) Co., Ltd. by 180 million baht (or the equivalent in foreign currency). | V | None |
| | 5. The company plans to issue new shares that restrict employee rights. | V | None |
| | The result of the resolution of the Audit Committee (05/06/2024): After consultation by the chairman of all the attending members, the proposal was passed without objection. | | |
| | The company's handling of the audit committee's opinion: None. | | |
| 08/09/2024 | 1. The company's consolidated financial statements for the second quarter of 2024. | V | None |
| | The result of the resolution of the Audit Committee (08/09/2024): After consultation by the chairman of all the attending members, the proposal was passed without objection. | | |
| | The company's handling of the audit committee's opinion: None. | | |
| 11/12/2024 | 1. The company's consolidated financial statements for the third quarter of 2024. | V | None |
| | 2. It is planned to adopt the company's 2025 audit plan. | V | None |
| | 3. Establish our company's "Procedures for the Management of Sustainability Information." | V | None |
| | 4. Royal Jarlly Holding Ltd. which is 100% reinvested by the company, plans to increase the capital of Jarlly Technology (Shanghai) Co., Ltd. by US\$4.5 million. | V | None |
| | 5. Factory construction project for Jarllytec (Thailand) Co., Ltd., a wholly-owned subsidiary of the company. | V | None |
| | 6. The company plans to increase the capital of Jarllytec (Thailand) Co., Ltd. by 200 million baht (or the equivalent in foreign currency). | V | None |
| | 7. Amendments the company's 2024 restricted stock award regulations for employees. | V | None |
| | 8. Jarlly Technology(Shanghai) Co., Ltd. a 100% reinvestment of the company, provided a new capital loan of RMB 20 million to Zhejiang Jarlly Precision Technology Co., Ltd. | V | None |
| | 9. Jarlly Technology(Chongqing) Co., Ltd. a 100% reinvestment of the company, provided a new capital loan of RMB 20 million to Zhejiang Jarlly Precision Technology Co., Ltd. | V | None |
| | 10 The company plans to handle the issuance of the third domestic unsecured conversion corporate bonds. | V | None |
| | The result of the resolution of the Audit Committee (11/12/2024): After consultation by the chairman of all the attending members, the proposal was passed without objection. | | |
| | The company's handling of the audit committee's opinion: None. | | |

- III. The implementation of the independent director's withdrawal of the interest-related proposal, the name of the independent director, the content of the proposal, the reason for the withdrawal of interest and the voting situation: None
- IV. Communication between independent directors and internal audit supervisors and accountants (should include major matters, methods and results of communication on the company's financial and business status.): The company regularly invites accountants to participate in the audit committee to review financial statements with directors. In addition, the internal audit supervisor also provides independent directors with audit report materials and reports the implementation of audit business according to regulations. The independent directors will also communicate in ways such as oral discussions or e-mails on the company's financial and business conditions in a timely manner based on their professional and industrial experience and provide constructive suggestions, which will benefit the company.

2.3.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”? | ✓ | | The company has passed the resolution of the board of directors on March 29, 2010 to formulate the company's "Corporate Governance Code" and in response to the revision of laws and practical operational needs, the relevant provisions have been revised by the resolution of the board of directors on May 11, 2022. Code is enforced. All operations are managed in accordance with this code and so far there are no major differences. In addition, this code has been disclosed on the public information observatory and the company's website. | None |
| 2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information? | ✓ ✓ ✓ ✓ | | (1) The company passed the resolution of the board of directors on November 5, 2020 to formulate the "Standard Operating Procedures for Handling Shareholders' Suggestions and Doubts" and established a spokesperson system to manage related matters in accordance with regulations. The stock agency department of Fengjin Securities is dedicated to handling issues such as shareholder suggestions or disputes. (2) In accordance with the provisions of Article 25 of the Securities Exchange Act, the company shall report the changes in the shares held by insiders (directors, supervisors, managers and major shareholders holding more than 10% of the shares) monthly and keep abreast of the actual control of the company at any time. List of substantial shareholders and ultimate controllers of substantial shareholders. Stock affairs agency : SinoPac Securities Co., Ltd. Transfer Agency Department , Tel : (02) 2381-6288 (3) The rights and responsibilities of personnel, assets and financial management between the company and its affiliated companies are clear and independent and "subsidiary monitoring and operating measures" have been formulated and monthly financial and business management reports of subsidiaries are obtained and a risk control mechanism for subsidiaries is implemented. In addition to the independent operation of each affiliated company, the company has also established "Transaction Procedures for Group Enterprises, Specific Companies and Related Persons". (4) The company's employees, managers, directors and other personnel, in addition to complying with the "Securities and Exchange Law", the company also has a "ethical code of conduct", "internal material information processing and prevention of insider trading management procedures" and "integrity In order to prevent others from engaging in insider trading, relevant personnel shall not use the unpublished information they have learned to | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|--|-----------------------------|-------------------|--|--|
| | Yes | No | Summary description | |
| | | | engage in insider trading, nor shall they disclose it to others. The company passed the resolution of the board of directors on August 9, 2011 to revise the "Internal Material Information Processing and Prevention of Insider Trading Management Operation Procedures", adding that directors are not allowed to report 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. The company notified directors and insiders on April 14, 2023, July 17, 2023, and October 11, 2023 that they shall not announce the first quarter, second quarter, and third quarter financial reports of 2023 fifteen days before the announcement. Trading stocks during closed periods. Directors and insiders were notified on February 1, 2024 that they are not allowed to trade stocks during the closed period of 30 days before the announcement of the 112 annual financial report. Jarlytec notified its directors and insiders on April 15, 2024, July 19, 2024, and October 21, 2024, prohibiting stock trading during the 15-day closed periods prior to the announcement of the financial reports for the first, second, and third quarters of 2024. In 2024, a total of two training sessions, amounting to six hours, were conducted for directors and managers. The training content covered insider trading prevention management and related regulatory compliance. | |
| 3.Composition and Responsibilities of the Board of Directors (1)Does the Board develop and implement a diversified policy for the composition of its members? (2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3)Does the company establish a standard to measure the performance of the Board, and implement it annually? (4)Does the company regularly evaluate the independence of CPAs? | ✓ ✓ ✓ | ✓ | (1) The company has formulated the "Corporate Governance Code". Article 20 of the company's "Corporate Governance Code" stipulates the diversity policy of the board of directors. For the company's board diversity policy, specific management objectives and implementation, please refer to the annual report "II. Information on Directors, General Manager, Deputy General Managers, Assistant Managers, Heads of Departments and Branches (2) On December 27, 2021, the Board of Directors passed the "Organization Regulations of the Remuneration Committee" and established the Remuneration Committee, which will be held at least twice a year. The current term is July 7, 2021 to July 6, 113. In addition, on March 8, 2018, the Board of Directors approved the "Organization Regulations of the Audit Committee" and after the new independent director was elected at the shareholders' meeting on June 21, 2018, an audit committee was set up and held at least once a quarter. The term of office is 2021 July 7, 2024 to July 6, 2024. There are currently no plans to add other functional committees. (3) The company has discussed and approved by the Remuneration Committee on September 26, 2010 and passed the "Measures for the Performance Management of Directors and Supervisors" by the resolution of the board of directors on October 26, 101. In addition, in response to the revision of laws and regulations and the actual operation needs, it was | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <p>discussed and approved by the Salary Committee on August 8, 2019 and the "Measures for the Performance Evaluation of the Board of Directors" was approved by the resolution of the board of directors on August 8, 2019. In addition to the amendments to laws and regulations, in 2020 On December 30, the board meeting resolved to amend the relevant provisions and the performance of the board of directors shall be regularly assessed every year in accordance with the regulations.</p> <p>At the end of each year, the executive unit collects relevant information on the activities of the board of directors, fills out the "Board of Directors Performance Evaluation Self-evaluation Questionnaire" and "Functional Committee Performance Evaluation Self-evaluation Questionnaire" in Attachment 1, and distributes Attachment 3 "Board members (self or peers) Assessment Self-evaluation Questionnaire” for the directors to fill out, and finally the coordinating executive unit collects the data in a unified manner, records the assessment results and reports to the board of directors in accordance with the scoring standards of the evaluation indicators in Article 7 of the Company’s Board of Directors Performance Evaluation Measures. On January 24, 2024, the company submitted the performance evaluation of the year 2023 annual remuneration committee, audit committee and the board of directors to the remuneration committee for evaluation, and the result was excellent and submitted to the board of directors for approval.</p> <p>At the end of each year, the responsible unit collects information related to board activities and distributes the following forms to board members for completion: Appendix 1, "Board Performance Self-Assessment Questionnaire," Appendix 2, "Functional Committee Performance Self-Assessment Questionnaire," and Appendix 3, "Individual Director Performance Self-Assessment Questionnaire." The coordinating unit then compiles the collected data and evaluates the results based on the scoring criteria outlined in Article 7 of Jarllytec’s Board Performance Evaluation Policy. The evaluation results are documented in a report and submitted to the Board of Directors for review.</p> <p>On January 17, 2025, Jarllytec submitted the 2024 performance evaluations for the Compensation Committee, Audit Committee, and Board of Directors to the Compensation Committee for review. All evaluation results were rated as excellent and were approved by the Board of Directors.</p> <p>(4) The company's board of directors regularly evaluates the independence of the appointed accountants every year in accordance with the company's "Corporate Governance Code".</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons | | | | | | | | | | | | | | | | | | |
|--|-----------------------|-------------|---|--|--------|-------------|---|-----|-----|--|-----|-----|--|-----|-----|---|-----|-----|---|-----|-----|--|
| | Yes | No | Summary description | | | | | | | | | | | | | | | | | | | |
| | | | <p>On March 13, 2012, the audit committee and the board of directors evaluated the independence of the certification accountants appointed by the company, Xu Mingfang and Zhuang Junwei of Anhou Jianye United Accountants Firm, who were entrusted to perform the verification and certification work of the 2012 financial statements, in accordance with the fourth chapter of the Accountant Law Article 17 and the content of "Integrity, impartiality, objectivity and independence" in the Bulletin No. 10 of the Professional Ethics for Accountants of the Republic of China are used to formulate independence assessment items, and refer to the 13 indicators of the Audit Quality Index (AQI) of Anhou Jianye United Accounting Firm. , after the evaluation results, it meets the company's independence evaluation standards, and the accounting firm issued an independence statement letter. It is confirmed that the accountant has no other financial interests or business relationships with the company except for fees for visas and financial and tax cases. The accountant's family members do not violate the independence requirements. With reference to the AQI indicator information, it is confirmed that the accountant and the firm have the best experience and experience in auditing. The number of training hours is better than the average level in the industry, and the evaluation results meet the company's independence evaluation standards.</p> <p>Note: Criteria for assessing the independence of accountants</p> <table><tr><th>Evaluation Items (Summary lists important evaluation items)</th><th>Result</th><th>Independent</th></tr><tr><td>Accountant without continuous certified service for seven years</td><td>Yes</td><td>Yes</td></tr><tr><td>There is no direct or material indirect financial interest relationship between the accountant and the company</td><td>Yes</td><td>Yes</td></tr><tr><td>The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers</td><td>Yes</td><td>Yes</td></tr><tr><td>Accountants do not receive any business-related commissions</td><td>Yes</td><td>Yes</td></tr><tr><td>The accountant issues a statement of independence</td><td>Yes</td><td>Yes</td></tr></table> | Evaluation Items (Summary lists important evaluation items) | Result | Independent | Accountant without continuous certified service for seven years | Yes | Yes | There is no direct or material indirect financial interest relationship between the accountant and the company | Yes | Yes | The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers | Yes | Yes | Accountants do not receive any business-related commissions | Yes | Yes | The accountant issues a statement of independence | Yes | Yes | |
| Evaluation Items (Summary lists important evaluation items) | Result | Independent | | | | | | | | | | | | | | | | | | | | |
| Accountant without continuous certified service for seven years | Yes | Yes | | | | | | | | | | | | | | | | | | | | |
| There is no direct or material indirect financial interest relationship between the accountant and the company | Yes | Yes | | | | | | | | | | | | | | | | | | | | |
| The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers | Yes | Yes | | | | | | | | | | | | | | | | | | | | |
| Accountants do not receive any business-related commissions | Yes | Yes | | | | | | | | | | | | | | | | | | | | |
| The accountant issues a statement of independence | Yes | Yes | | | | | | | | | | | | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons | | | | | | | | | | | | |
|--|--|--|---|--|-----------|--------------|-------|------------|--|--|---|-----------------------|---------------------------------|--|----|------|
| | Yes | No | Summary description | | | | | | | | | | | | | |
| 4. Whether the TWSE/TPEx listed company has a qualified and appropriate number of corporate governance personnel, and designates a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with information needed to perform business, assisting directors and supervisors to comply with laws and regulations, Handle matters related to the meetings of the board of directors and shareholders' meeting according to law, make minutes of the board of directors and shareholders' meetings, etc.)? | ✓ | | <p>On August 8, 2018, the Remuneration Committee and the Board of Directors resolved to appoint a corporate governance supervisor to implement corporate governance and strengthen the functions of the board of directors. The director of corporate governance has been in charge of finance and stock affairs in a public company for more than three years. He is the top executive responsible for corporate governance-related affairs, and the stock affairs unit is responsible for reporting directly to him. The main responsibilities are</p> <p>1. Handle matters related to the meetings of the board of directors and shareholders' meeting according to law.</p> <p>2. Prepare the minutes of the board of directors and shareholders' meetings.</p> <p>3. Assist directors in their appointment and continuing education.</p> <p>4. Provide the information required by the directors to execute their business.</p> <p>5. Assist directors to comply with laws and regulations.</p> <p>6. Report to the board of directors the results of its examination of whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</p> <p>7. Handle matters related to the change of directors.</p> <p>8. Other matters stipulated in the company's articles of association or contract, etc..</p> <p>In 2024, the director of corporate governance completed 18 hours of training, and the status of the training is as follows</p> <table><tr><th>Date for attending continuing education</th><th>Hosted By</th><th>Course Title</th><th>Hours</th></tr><tr><td>07/05/2024</td><td>Accounting Research And Development Foundation</td><td>Promote the Sustainable Development of Enterprises through Risk Management</td><td>6</td></tr><tr><td>08/27/2024-08/28/2024</td><td>Securities & Futures Insititute</td><td>Driving corporate sustainability through risk management</td><td>12</td></tr></table> | Date for attending continuing education | Hosted By | Course Title | Hours | 07/05/2024 | Accounting Research And Development Foundation | Promote the Sustainable Development of Enterprises through Risk Management | 6 | 08/27/2024-08/28/2024 | Securities & Futures Insititute | Driving corporate sustainability through risk management | 12 | None |
| Date for attending continuing education | Hosted By | Course Title | Hours | | | | | | | | | | | | | |
| 07/05/2024 | Accounting Research And Development Foundation | Promote the Sustainable Development of Enterprises through Risk Management | 6 | | | | | | | | | | | | | |
| 08/27/2024-08/28/2024 | Securities & Futures Insititute | Driving corporate sustainability through risk management | 12 | | | | | | | | | | | | | |
| 5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues | ✓ | | <p>The company's website (https://www.jarlly.com) has a "Investors Relations", which has corresponding windows for business management and operational projects. Stakeholders (including shareholders, employees, customers and suppliers) can directly contact, communicate and coordinate with the corresponding window. In addition, there is an "Investor Corner" on the website, which regularly discloses various business, financial information and valuable information for investors' reference and implements the spokesperson system to fully</p> | None | | | | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Summary description | |
| they care for in terms of corporate social responsibilities? | | | understand the company. Financial and business status, in line with company policies and needs to release information on weekdays. In 2024, the Spokesperson has been Debbie Chen. In 2025, the Acting Spokesperson has changed to Investor Relations Officer Daniel Liao from Vice President Mike Chang. | |
| 6. Does the company appoint a professional stock agency to oversee the affairs of the shareholders' meeting? | ✓ | | The company has appointed YongFeng Gold Securities Share Agency Department to manage the affairs of the shareholders' meeting. | None |
| 7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and file the annual financial report within two months after the end of the fiscal year and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline? | ✓ ✓ | ✓ | (1) The company has set up an "Investors Relations" on the company's website (http://www.jarlly.com) to regularly disclose various business and financial information for investors' reference. In addition, the company has disclosed on the company's website important regulations such as fund lending and endorsement guarantee procedures, procedures for acquiring or disposing of assets and other important regulations and internal audit operations. (2) The company has designated a special person in the stock affairs office to be responsible for the collection and disclosure of company information and has implemented a spokesperson system to fully understand the company's financial and business conditions and to cooperate with the company's policies and needs to release information on weekdays. In addition, the relevant content of the corporate briefing session has been placed on the "Public Information Observatory" and the company's website. (3) The company announces and submits financial reports and monthly operating conditions to the competent authority within the time limit stipulated by laws and regulations, and there is no case of early announcement. | None |
| 8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, | ✓ | | (1) Employee rights and employee care For employee rights and employee care, please refer to "V. Operation Overview V. Labor Relations" in the annual report. (2) Succession planning In its succession planning, Jarllytec requires candidates to possess not only professional competencies but also values aligned with the Company's principles. Essential personal attributes include leadership, interpersonal skills, communication abilities, innovation, integrity, commitment, and the ability to earn clients' trust. The Company is currently implementing its succession plan. Former Chairman Liu has transitioned to the role of Vice Chairman to temporarily assist the newly appointed Chairman, Mr. Chang Tai-yuan. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Summary description | |
| and purchasing insurance for directors and supervisors)? | | | <p>Chairman Chang will concurrently serve as General Manager in the short term. Based on the Company’s future development needs, a successor for the General Manager position will be selected from the current Deputy General Managers or Special Assistants.</p> <p>The training model for senior management succession at Jarlytec Group is structured into four key modules: management skills, professional expertise, personal development plans, and job rotation. Each module is designed to span approximately 1 to 1.5 years. Through professional training, candidates are equipped to integrate and apply their skills, fostering decision-making and judgment capabilities. Jarlytec’s corporate culture prioritizes providing opportunities to well-prepared internal employees. However, if no suitable candidate is identified, the Company will seek external professional managers to fill the role.</p> <p>(3) Intellectual property management plan and implementation The company's intellectual property management plan and implementation were reported to the board of directors on January 17, 2025. Jarlytec continues to focus on the R&D and development of "hubs". This year, it continues the results of 2023, that is, it actively develops in "notebook computer hubs (NB Hinge)", "all-in-one computers (AIO PC)", "liquid crystal displays (LCD)" Monitor) Stand", "Video Camera Hub", "Flexible Screen Folding Hub" and other products to expand application categories; on the other hand, we also continue to improve the research and development of intellectual property management plans, in addition to according to the "2023 Regular Meeting of Shareholders" The important operating policies shown in the Meeting Minutes, and follow the commitments listed in the "Social Responsibility Management Manual" formulated by the company, that is, "obeying the law, putting prevention first, continuous improvement, and worker participation" as the implementation policy, and more In addition to the existing ISO 9001 quality management system in 2023, the ISO 27001 information security system will also be introduced to form a second layer of protection in addition to the security measures of traditional entity control to strengthen the protection of business secrets of smart knowledge results. The following is a brief description of the current situation, countermeasures and implementation results in three phases regarding patent, trademark and copyright management operations in intellectual property:</p> | |

| Evaluation Item | Implementation Status | | | | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---------------------|---|--|---|--|
| | Yes | No | Summary description | | | | |
| | | | | Patent Management | trademark | Book Management | |
| | | | situation | Due to the saturation of the market for products such as LCD monitors and notebook computers, the slowdown in the replacement of old products with new ones, and the fact that there are still many uncertainties in the world at this stage, in order to respond to changes in the external environment, in addition to the original products , towards developing more "hub" new products and diversifying product lines. Under the global environmental protection trend of energy conservation and carbon reduction, the official patent agencies of Taiwan (TW) and Mainland China (CN) have successively promoted paperless electronic operations. | The original company website has been in use for a long time. In order to cope with the company's groupization and marketing, the content and layout of the website were updated this year. Under the global environmental protection trend of energy conservation and carbon reduction, official patent agencies such as Taiwan (TW) and Mainland China (CN) have successively promoted paperless electronic operations. | In order to continuously manage the results of the work and integrate internal and external resources to achieve the important operating policies announced by the shareholders' meeting, and in line with international ESG trends, the company's structure is adjusted through the management system and the overall competitiveness is enhanced. | |

| Evaluation Item | Implementation Status | | | | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|-----------------|-----------------------|----|---------------------|--|---|---|--|
| | Yes | No | Summary description | | | | |
| | | | Countermeasures | (1)Patent search analysis: ●Competition patent monitoring ●Expansion of existing product categories and new products (2) Patent application: ●Encourage patent proposals for molded products from each factory area ●Apply for patents on R&D results and new technology structures ●Expand the product types of "hub" patent layout (3) Electronic control of patent procedures: ●Comply with official electronic policies for registration ●Use existing software systems and information platforms ●Convert paper files into electronic files for storage | (1) Trademark application, acquisition and maintenance at each base: Group Logo The group’s English name is Jarlly The group’s English name is Jarllytec (2) The use and presentation of trademark rights shall uniformly highlight the group’s logo and English name. (3) Electronic trademark certificates are processed in accordance with official electronic policies | (1) Management of writing results ●Internal networking and information platform ●Design control operating procedures ●Documented information control operating procedures ●Education and training control procedures ●Knowledge management program ●Information Security Management Manual (2) Integrate internal networking and information platforms ●Internal network control ●Information platform control | |

| | | | | | | | | |
|--|--|--|------------------------|--|---|--|--|--|
| | | | Implementation results | <p>(1) Patent search analysis, risk warnings and avoidance suggestions during the product development period, and patent searches for expanded product categories and new products; the patent search data were compiled into 26 types (total 300 in total) of "hub" patent structure searches. Reports are uploaded to the internal information platform for internal viewing and reference.</p> <p>(2) The patent approval authority and proposal system are for each factory to follow; patent bonuses are submitted every quarter to reward proposal staff.</p> <p>(3) The existing ERP establishes a database, regularly maintains and counts the number of patents, and controls it through the internal network and information platform. As of 2023/12/22, a total of 1,028 patent certificates have been issued, and 501 rights have been terminated.</p> | <p>(1) We have applied for trademarks in Taiwan, Mainland China, Thailand, Vietnam and other bases to protect the brand reputation and image and prevent unscrupulous companies from counterfeiting.</p> <p>(2) Cooperate with TW and CN official electronic operations to obtain official patent documents in a paperless manner, reducing paper printing and mailing.</p> <p>(3) The group's logo and English name will be displayed on the group's website, various presentations, various software, physical sample surfaces, etc., which will facilitate diversified marketing promotions and deepen the group's brand reputation and image.</p> | <p>(1) The "Document Management Center" cooperates with the ISO 27001 information security system to control the "hub" research and development results. A total of 5183 engineering design drawings have been produced and stored in the internal network.</p> <p>(2) Every year, competitive or manufactured design and development projects (Note*) are regularly selected and compiled into R&D results reports. A total of 70 copies have been produced, which are successively stored in the internal information platform for control.</p> <p>(Note*: The operating overview of the annual report mentions "new products and services planned to be developed".)</p> <p>(3) A total of 1,312 manpower training materials for internal and external education and training are stored on the</p> | | |
|--|--|--|------------------------|--|---|--|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|----------------------------|--|--|
| | | | | <p>In Taiwan (TW), mainland China (CN), the United States (US) and other places, there are 527 existing valid patent rights (520 patents in Taipei factory/6 patents in Shanghai factory/1 patent in Fuqing factory), leading the industry; 43 patent applications are still official Under review (42 pieces from Taipei factory/1 piece from Fuqing factory).</p> <p>(4) Description of the progress of electronic patent documents:</p> <ul style="list-style-type: none"> ●Handle TW and CN official electronic operations, obtain official patent documents in a paperless manner, and reduce paper printing and mailing. ●Cooperate with the ISO 27001 system to digitize internal patent documents, convert paper folders into electronic file storage, and free up space for sample display to contribute to the sustainable development goals of energy conservation and carbon reduction. | | internal network platform. | | |
|--|--|--|--|--|--|----------------------------|--|--|

| Evaluation Item | Implementation Status | | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|-----------------|-----------------------|----|---------------------|---|--|
| | Yes | No | Summary description | | |
| | | | | <div>●Continue to improve internal patent process control operations to support the development and operation goals of other factories.</div> <div>(4) Maintain good relationship and interaction with investors, suppliers and stakeholders The company upholds the principle of fairness and openness to all shareholders. In addition to convening shareholders' meetings every year in accordance with the provisions of the Company Law and related laws and regulations, shareholders are encouraged to actively participate in the proposals and questions of shareholders' meetings, and the positions of spokespersons and acting spokespersons are set up to properly handle shareholders. Suggestions. In addition, special personnel are designated to be responsible for the collection and disclosure of company information, and to handle information announcement reporting matters at the public information observation station in accordance with relevant regulations, and to maintain smooth communication channels with banks, employees, investors, and stakeholders of business-related companies. And respect and safeguard their legitimate rights and interests, and provide sufficient information so that they can make judgments and make decisions on the company's operating and financial conditions. The company also has a good relationship with suppliers, and implements business in accordance with the principle of good faith to maintain the stability of cost and supply.</div> <div>(5) Status of directors' training The directors of the company take advanced training every year in accordance with laws and regulations. For detailed training courses, please refer to Public Information Observatory/Corporate Governance/Directors and Supervisors Attending (listing) Board of Directors and Training Status.</div> <div>(6) Implementation of consumer protection or customer policy: The company has a special person to deal with customer complaints.</div> <div>(7) In order to implement corporate governance, in addition to establishing effective internal control, the company has also introduced an independent director system, relying on the professional experience of independent directors, and has formulated detailed board meeting procedures in accordance with laws and regulations. The company has purchased</div> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <p>directors, supervisors and important staff liability insurance for directors, and reported the relevant insurance situation to the board of directors on November 10, 2023.</p> <p>(8) The company passed the board of directors on March 11, 2014 to formulate the ethical code of conduct. In addition, in response to the operational needs of the company's 2018 establishment of an audit committee to replace the supervisor, the board of directors resolved to revise relevant provisions on March 12, 2019. , and submitted the report of the shareholders' meeting on June 18, 2019, which has been disclosed on the public information observation station and the company's website.</p> | |
| 9. Please explain what has been improved on the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year and propose priority enhancements and measures for those that have not yet improved. | ✓ | | <p>In the 11th Corporate Governance Evaluation (Evaluation Year: 2024), the Company did not receive scores on 15 evaluation indicators. Among these, the Company has prioritized improvements and enhancements on selected indicators, with the current progress detailed as follows:</p> <p>Evaluation Indicator 4.18: Has the Company disclosed information related to the governance, strategy, risk management, metrics, and targets regarding climate-related risks and opportunities, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework?</p> <p>Improvement Status: When preparing the 2024 Sustainability Report, the Company will disclose relevant information in accordance with the TCFD framework, as required by the Corporate Governance Evaluation criteria. This will include the Company’s governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities.</p> | None |

2.3.4 Disclose of company remuneration committee, it shall disclose its composition and operation.

(1) Compensation Committee Members

April 21, 2025

| Qualification Name | Professional qualifications and experience | Independence analysis | No. of other public companies at which the person concurrently serves as an independent director |
|--|---|-------------------------------------|--|
| Independent Director Yang Shan Shen | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 12). 2. Have industry knowledge and financial accounting knowledge. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5) (6)(7)(8)(9)(10) | 2 |
| Independent Director Wu, Sou Shan | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 12). 2. Have industry knowledge and financial accounting knowledge. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5) (6)(7)(8)(9)(10) | 1 |
| Independent Director Lee, Shin Jin | 1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 12). 2. Have international market outlook, leadership decision-making knowledge. 3. There are no circumstances under Article 30 of the Company Law. | (1)(2)(3)(4)(5) (6)(7)(8)(9)(10) | 0 |

Note: Independence of each member in the two years prior to election and during the term of office. (Conformities are disclosed in the table above).

- (1) Non-employees of the company or its affiliates.
- (2) Non-directors and supervisors of the company or its affiliated companies (except if the company and its parent company, subsidiaries or subsidiaries of the same parent company are independent directors established in accordance with this Act or the laws of the local country, this is not the case.)
- (3) Non-person shareholders who are not themselves and their spouses, minor children, or other natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.
- (4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, not the managers listed in (1) or the persons listed in (2) and (3).
- (5) Directors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Law, Supervisors or employees (except if the independent directors of the company and its parent company, subsidiaries or subsidiaries of the same parent company act concurrently with each other in accordance with this Act or the laws of the local country, this does not apply).
- (6) Directors, supervisors or employees of other companies whose directors, supervisors or employees of other companies are controlled by the same person (except for the company or its parent company, subsidiary company, or a child of the same parent company) Independent directors established by the company in accordance with this Act or local laws and regulations are not limited to each other.)
- (7) A director (director), supervisor (supervisor) or employee of another company or institution that is not the same person or spouse as the chairman, general manager or equivalent of the company (but if it is the company and its parent company), subsidiaries or subsidiaries of the same parent company where

independent directors established in accordance with this Act or the laws of the local country serve concurrently with each other, this is not the case).

- (8) Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company (but if a specific company or institution holds the issued shares of the company, More than 20% of the total, but not more than 50% and the independent directors of the company and its parent company, subsidiaries or subsidiaries of the same parent company are established in accordance with this Act or the laws of the local country.
- (9) Non- professionals, sole proprietors, partnerships, companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT\$ 500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. However, this does not apply to the members of the Compensation Committee, Public Takeover Review Committee, or Special Committee on Mergers and Acquisitions who perform their functions in accordance with the Securities and Exchange Act or the Mergers and Acquisitions Act.
- (10) There is no one of the conditions in Article 30 of the Company Law.

(2) Information on the operation of the Remuneration Committee

- A. There are 3 members of the compensation committee of the company .
- B. The term of office of the current members : From June 18, 2024 to June 17, 2027, the salary and remuneration committee held 3 meetings in the most recent year (2024). The qualifications and attendance of the members are as follows:

| Title | Name | No. of meetings attended in person (B) | No. of meetings attended in proxy | In-person attendance rate (%) [B/ A] | Remarks |
|---|-------------------|--|-----------------------------------|--------------------------------------|----------------------------|
| Old (Required Attendance: 2) | | | | | |
| Convener | Liu, Chun Ying | 2 | 0 | 100% | 07/07/2021 Re-election |
| Committee Member | Wu, Sou Shan | 2 | 0 | 100% | 07/07/2021 New appointment |
| Committee Member | Yang, Shang Hsien | 2 | 00 | 100% | 07/07/2021 New appointment |
| New (Required Attendance: 1, Re-elected Date: 06/18/2024) | | | | | |
| Convener | Yang, Shang Hsien | 1 | 0 | 100% | 07/07/2021 Re-election |
| Committee Member | Wu, Sou Shan | 1 | 0 | 100% | 07/07/2021 Re-election |
| Committee Member | Lee, Shin Jinn | 1 | 00 | 100% | 07/07/2021 New appointment |
| Other mentionable items: | | | | | |
| 1. Responsibilities of the Compensation Committee: The committee shall, with the attention of good managers, faithfully perform the following functions and powers and submit its recommendations to the board of directors for discussion: (1) Regularly review the organizational rules of the Remuneration Committee and propose amendments. (2) To formulate and regularly review the annual and long-term performance goals and policies, systems, standards and structures of the company's directors and managers. (3) Regularly evaluate the achievement of the performance goals of the directors and managers of the company and set their salaries. 2.The meeting date, period, resolutions, resolution results of the compensation committee in the last year and the company's handling of the compensation committee's opinions: | | | | | |

| Date | Proposal Content | Result | Remuneration Committee |
|------------|--|---|---|
| 01/24/2024 | 1.Discuss the company's 2023 manager's employee compensation cash payment 2.Discuss the company's 2023 annual board performance evaluation plan. 3.Review and approve salary adjustments and personnel changes for the company's managers. | All the members present passed the case without objection | All the directors shall approve the proposed board of directors present without objection |
| 03/08/2024 | 1. Discuss the company's 2023 director's remuneration and employee remuneration distribution plan. | All the members present passed the case without objection | All the directors shall approve the proposed board of directors present without objection |
| 08/09/2024 | 1.Discuss the company's 2023 manager's employee compensation cash payment 2.Review and approve salary adjustments for the company's managers. 3.Discuss the 2025 work plan of the company's salary and compensation committee | All the members present passed the case without objection | All the directors shall approve the proposed board of directors present without objection |

3. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

4. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

2.3.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Summary description | |
| 1. Does the company establish a governance structure to promote sustainable development and set up a resolute (part-time) unit to promote sustainable development, which is authorized by the board of directors to manage senior management and the supervision of the board of directors? | ✓ | | The company strictly abides by international conventions and established a Corporate Social Responsibility Implementation Committee in 2017, which will be renamed the Sustainable Development Committee in 2023 to promote the governance structure of sustainable development. The Sustainability Committee, chaired by the Chairman, formulates the company's ESG vision and strategy, and establishes a Sustainability Office to lead the ESG working groups composed of senior managers from various departments, namely the "Environmental Sustainability Group", "Social Sustainability Group" and "Social Sustainability Group". Co-Prosperity Group" and "Corporate Governance Group". The ESG working group cooperates with the Sustainability Development Office to formulate implementation guidelines for various ESG projects and reports its progress and results to the Sustainability Development Committee. The Sustainability Office is mainly responsible for integrating ESG-related matters, including ESG working group resource integration, cross-departmental communication, etc. The Sustainability Committee formulates management standards based on various operational risk assessments and operates through internal audit and internal control mechanisms to ensure compliance with relevant laws. Regarding the environment, the Sustainability Office sets the group's sustainability goals, such as carbon reduction paths, proportion of renewable energy usage, participation in international initiatives, etc. For energy conservation in the factory, the heads of various departments jointly discuss energy-saving plans, launch them, and continue to track the progress of the project. In terms of social and governance, the company holds labor-management communication meetings every quarter, and regularly reviews work rules, such as working hours system, salary and benefits, | There are no major differences yet. Although the company has not yet compiled a sustainability report, it has set up "Corporate Social Responsibility" on the company's website (http://www.jarlly.com) to disclose corporate social responsibility-related information for investors' reference. |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | employee health, education and training, etc., to ensure that employees’ appointment and dismissal conditions comply with legal regulations. Regularly every year (most recently in Report of the Board of Directors on January 24, 2024) will report its implementation status (for example, the implementation status of the education, training and complaint system) to the Board of Directors. After listening to the report, the Board of Directors will review the relevant implementation content and direction, and supervise the management team to make adjustments when necessary. Internal and external education and training related to ESG sustainable development are held every year (for example: ESG trend analysis, climate change risk identification, integrity management, corporate governance, accounting systems and internal control and other related courses). In terms of the complaint system, the company has an "Operational Procedure for Complaints and Personal Rights Protection". The public website has a complaint acceptance telephone number and a report mailbox as channels for complaints. You can make complaints through the telephone and mailbox or to the general management office, audit office or financial department. Respond to appeals. | |
| 2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality and formulate relevant risk management policies or strategies? (Note 2) | ✓ | | <p>1. This disclosed information covers the company’s sustainability performance at its major locations from January 2020 to December 2023. The risk assessment boundary includes important global operating locations and subsidiaries, and the coverage is the same as the annual sustainability report, including operating locations in Taiwan, Mainland China, etc.</p> <p>2. Based on the principle of materiality, the company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations, and identifies seven major issues. Based on the products, services and related impacts, the assessment occurs within the boundary of the value chain.</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons | | | | | | |
|-----------------|--------------------------------------|--|---|--|-------------------------|------------------------|-------------|--------------------------------------|--|--|
| | Yes | No | Summary description | | | | | | | |
| | | | 3. The company's sustainable development committee holds regular meetings every year, inviting environmental, social and corporate governance responsible committee members and working group members to discuss the company through risk identification, risk analysis, risk assessment, risk response, and risk monitoring. Regarding current operational risks and emerging risks, the relevant risk management policies and response strategies are formulated as follows and reported to the board of directors once a year: | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | <table><tr><th>Subject</th><th>risk assessment project</th><th>Risk management policy</th></tr><tr><td>Environment</td><td>Energy and Greenhouse Gas Management</td><td>1. In response to global climate change, companies must reduce greenhouse gas emissions generated by their own operations to mitigate the negative impact of climate change. In addition, in response to international supply chain initiatives for sustainable development and rising energy costs, energy management has become increasingly important to enterprises. 2. The company will follow the scientifically based reduction targets of SBTi, commit to achieving the standards set by the Paris Agreement, and do its part to control global average temperature rise within 1.5 degrees Celsius. 3. Reduce the company’s energy usage through a number of energy-saving solutions, thereby improving overall energy efficiency. 4. Plan to introduce renewable energy and use energy with environmental benefits to significantly reduce the possibility of climate change mitigation and adaptation failure.</td></tr></table> | Subject | risk assessment project | Risk management policy | Environment | Energy and Greenhouse Gas Management | 1. In response to global climate change, companies must reduce greenhouse gas emissions generated by their own operations to mitigate the negative impact of climate change. In addition, in response to international supply chain initiatives for sustainable development and rising energy costs, energy management has become increasingly important to enterprises. 2. The company will follow the scientifically based reduction targets of SBTi, commit to achieving the standards set by the Paris Agreement, and do its part to control global average temperature rise within 1.5 degrees Celsius. 3. Reduce the company’s energy usage through a number of energy-saving solutions, thereby improving overall energy efficiency. 4. Plan to introduce renewable energy and use energy with environmental benefits to significantly reduce the possibility of climate change mitigation and adaptation failure. | |
| Subject | risk assessment project | Risk management policy | | | | | | | | |
| Environment | Energy and Greenhouse Gas Management | 1. In response to global climate change, companies must reduce greenhouse gas emissions generated by their own operations to mitigate the negative impact of climate change. In addition, in response to international supply chain initiatives for sustainable development and rising energy costs, energy management has become increasingly important to enterprises. 2. The company will follow the scientifically based reduction targets of SBTi, commit to achieving the standards set by the Paris Agreement, and do its part to control global average temperature rise within 1.5 degrees Celsius. 3. Reduce the company’s energy usage through a number of energy-saving solutions, thereby improving overall energy efficiency. 4. Plan to introduce renewable energy and use energy with environmental benefits to significantly reduce the possibility of climate change mitigation and adaptation failure. | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <div>Society</div> <div>supply chain management</div> <p>1. Suppliers are our most important partners. In order to improve the sustainability of the supply chain, we work closely with our suppliers to create a win-win industrial chain. 2. Establish responsible and transparent supply chain management, work with suppliers to promote the procurement of green materials, require suppliers to respect labor human rights, adopt environmentally responsible manufacturing procedures and have a safe working environment, etc., and through annual Audits ensure suppliers comply with the company's code of conduct.</p> | |
| | | | <div>Employee Rights and Labor Relations</div> <p>1. Labor-management relations play a key role in the sustainable development of enterprises. Stable labor-capital relations can help improve production efficiency, reduce labor conflicts, and thus promote the steady development of enterprises. 2. The company formulates a clear labor relations policy, commits to abide by local labor regulations and international labor standards, protects the basic rights and benefits of employees, and is committed to establishing an open, fair and transparent labor communication channel mechanism.</p> | |
| | | | <div>Corporate Governance</div> <div>Integrity management</div> <p>1. Committed to achieving the goals of sustainable development and actively making efforts in environmental, social and corporate governance. 2. Actively pursue low-carbon development trends, continue to invest in and promote the application of renewable energy in products, and create more business opportunities and innovation to meet global carbon reduction goals.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|--|------------------------------|----|--|--|
| | Yes | No | Summary description | |
| | | | <div>economic performance</div> <div> <p>1. Sustained and steady profitability is one of the important factors for the sustainable operation of a company, and it also enables the company to implement goals such as environmental sustainability, social welfare and employee care, and creating maximum benefits for shareholders.</p> <p>2. We disclose financial performance in compliance with legal requirements.</p> <p>3. Analyze and interpret profit sources and optimize financial resources through sustained and steady profits.</p> </div> | |
| Environmental issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with minimal impact on the environment? (3) Has the company assessed the current and future potential risks and opportunities of climate change to the company and taken measures to address climate-related issues? (4) Has the company counted the greenhouse gas emissions, water consumption and total weight of waste in the past two years and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management? | ✓ ✓ ✓ ✓ | | (1) In June 2008, it won the ISO14001 (2004 version) environmental management system certification from the Standards and Inspection Bureau of the Ministry of Economic Affairs and the OHSAS18001 (2007 version) occupational safety and health management system certification from the Standards and Inspection Bureau of the Ministry of Economic Affairs; in January 2009, it won the LCIE-IECQ QC 080000:2012 Hazardous Materials Process Management System (HSPM) certification; in February 2010, it was awarded the ARES-IECQ QC 080000: 2017 Hazardous Materials Management System (HSPM) certification again (validity period 2020/12/03~2023/12/02, certification date: 2009/01/12); won the AFNOR-IECQ QC 080000: 2017 Hazardous Materials Management System (HSPM) certification in February 2024 (validity period 2024/02/22~2027/02/21, certification date: 2009/01/12); in June 2019, it won the ISO45001 (2018 version) occupational safety and health management certification from the Bureau of Standards and Inspection of the Ministry of Economic Affairs; in May 2022, it again passed the ISO14001 (2015 version) environmental management system certification from the Metal Industry Research and Development Center (validity | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <p>period: 2022/06 /05~2025/06/04), and ISO45001 (2018 edition) occupational safety and health management certification (validity period: 2022/05/30~2025/05/29). In 2023, it passed the ISO14064-1 greenhouse gas inventory standard certification issued by SGS Taiwan Inspection Technology Company, and will conduct inspections in accordance with this standard every year starting from 2023.</p> <p>(2) To fulfill the social responsibility of protecting the global environment, the company develops relevant processes and technologies to reduce the use of harmful substances in electronic and electrical equipment and requires suppliers to provide raw materials that meet environmental protection requirements. At present, all products of the company fully comply with the European Union. The use of hazardous substances in electronic and electrical equipment is restricted and the RoHS2.0 directive is prohibited, so that the recycling and disposal of waste electronic and electrical equipment meets environmental protection requirements. In 2021, the realized amount of recycled waste is NT3,000.</p> <p>(3) In accordance with the TCFD, CDP, and ISO 14001 structures, the company evaluates the risks and opportunities that climate change poses to the company every year. After completing the latest environmental assessment at the end of 2022, the issue of greenhouse gas inventory and reduction will be proposed. Since 2018, the company has also begun to conduct an inventory of the current situation of climate change and put forward improvement suggestions based on the TCFD and CDP disclosure platforms every year, including direct or indirect impacts caused by extreme weather, or the impact of regulations or market demands, as well as other social challenges. The risks and opportunities caused by the company's operating activities were analyzed, and the latest inventory was completed in August 2023. The company formulates target management plans based on previous analysis results every year, and regularly tracks and reviews</p> | |

| Evaluation Item | Implementation Status | | | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons | | | | | | | | | | | | | | | | | |
|--|-----------------------|----------|---|------------|--------|--|-----------------------------|------|---------|---------|-----|------|--|------|----------|------------|------------|--------|------|----------|------------|------------|--------|
| | Yes | No | Summary description | | | | | | | | | | | | | | | | | | | | |
| | | | <p>the progress of each target. It has ensured that the target is 100% achieved by December 2023.</p> <p>(4) Greenhouse Gas Emissions</p> <p>In 2023, the Taipei plant underwent its second greenhouse gas inventory, followed by the third inventory in 2024. The 2023 greenhouse gas emissions data received ISO 14064-1 verification in August 2024. The 2024 emissions data is scheduled for verification in May 2025. In 2024, the Taipei plant did not achieve the target of reducing carbon emissions by 1%.</p> <table><tr><th>Emission values by category</th><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>SUM</th><th>NOTE</th></tr><tr><td rowspan="2">greenhouse gas emissions (metric tons CO2e/year)</td><td>2023</td><td>345.5472</td><td>4,083.6219</td><td>4,429.1691</td><td>Taipei</td></tr><tr><td>2024</td><td>291.0509</td><td>4,819.7254</td><td>5,110.7763</td><td>Taipei</td></tr></table> <p>Water Resource Management</p> <p>Since 2022, Jarllytec has comprehensively replaced outdated equipment, achieving a replacement rate of 95%. The replacement process continues, with all plants prioritizing water-saving equipment. Jarllytec has adopted faucets and toilets certified with water efficiency labels, including Taiwan’s Water Conservation Label, China’s Water Efficiency Label, Thailand’s Green Label, and Vietnam’s Water Resource Efficiency Label. These measures enable water conservation without altering existing water usage habits, fulfilling corporate social responsibility and addressing global water scarcity issues. In 2024, the target of reducing water consumption by 1% was not met. Due to an increase in employee numbers, water usage in 2024 rose compared to 2023. Jarllytec will continue to promote water conservation awareness and explore water recycling methods to achieve reduction benefits.</p> | | | | Emission values by category | Year | Scope 1 | Scope 2 | SUM | NOTE | greenhouse gas emissions (metric tons CO2e/year) | 2023 | 345.5472 | 4,083.6219 | 4,429.1691 | Taipei | 2024 | 291.0509 | 4,819.7254 | 5,110.7763 | Taipei |
| Emission values by category | Year | Scope 1 | Scope 2 | SUM | NOTE | | | | | | | | | | | | | | | | | | |
| greenhouse gas emissions (metric tons CO2e/year) | 2023 | 345.5472 | 4,083.6219 | 4,429.1691 | Taipei | | | | | | | | | | | | | | | | | | |
| | 2024 | 291.0509 | 4,819.7254 | 5,110.7763 | Taipei | | | | | | | | | | | | | | | | | | |

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|-----------------|---------------------------------|--|---|--|---------------------------------|--|------|------|----------------------|--------|---------------|------|----------------------------|---------|--------------------|--|
| | Yes | No | Summary description | | | | | | | | | | | | | |
| | | | <p>Note: Water consumption statistics for 2024 are as follows: [Specific data not provided in the original text].</p> <p>Waste Management All waste generated by Jarllytec is classified as non-hazardous industrial waste. Waste statistics are as follows:</p> <table><tr><th>Year</th><th>Water consumption (litter/year)</th><th>Water Density(litter /million revenue)</th><th>Note</th></tr><tr><td>2023</td><td>70,937.74 (6,109.61)</td><td>0.6299</td><td>Taiwan, China</td></tr><tr><td>2024</td><td>112,012.1934 (98,117.1934)</td><td>11.6947</td><td>Taiwan, China, SEA</td></tr></table> <p>To reduce waste, Jarllytec implements waste sorting, recycling, and reuse management, targeting an annual waste reduction of approximately 1%. In 2024, due to the inclusion of a new subsidiary, overall performance metrics could not be fully reflected. However, focusing solely on the Taiwan and China plants, non-hazardous waste in 2024 totaled 205.91 metric tons, a reduction of 68.02 metric tons compared to 2023, achieving the 1% reduction target. Resource recovery and reuse in the Taiwan and China plants increased by approximately 69.74 metric tons in 2024 compared to 2023. Jarllytec will continue to pursue an annual 1% reduction target through ongoing resource recovery and reuse initiatives. In 2022, Jarllytec passed ISO 14001 Environmental Management System certification, verified by the Metal Industries Research & Development Centre.</p> <p>Water management has fully begun to replace old equipment in 2022 (the replacement rate reaches 95%, and water-saving equipment will be given priority in the continuous replacement of equipment). Taiwan factories and mainland</p> | Year | Water consumption (litter/year) | Water Density(litter /million revenue) | Note | 2023 | 70,937.74 (6,109.61) | 0.6299 | Taiwan, China | 2024 | 112,012.1934 (98,117.1934) | 11.6947 | Taiwan, China, SEA | |
| Year | Water consumption (litter/year) | Water Density(litter /million revenue) | Note | | | | | | | | | | | | | |
| 2023 | 70,937.74 (6,109.61) | 0.6299 | Taiwan, China | | | | | | | | | | | | | |
| 2024 | 112,012.1934 (98,117.1934) | 11.6947 | Taiwan, China, SEA | | | | | | | | | | | | | |

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|-----------------|---|--------------------------------------|--|--|---|--------------------------------------|------|------|----------------|--------|----------------|------|-----------------|--------|--------------------|------|--|------|------|-------------|----------------|------|----------------|--------------------|--|
| | Yes | No | Summary description | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>factories give priority to equipment with water-saving standards. Faucets and toilets with the China Water Efficiency Label can achieve the purpose of water conservation without affecting the original tap water consumption habits, fulfilling social responsibilities and responding to the global water shortage issue. The water consumption target is reduced by 1% in 2023. The water consumption statistics are as follows. The Taipei plant will reach the 1% water consumption reduction target in 2023.</p> <p>Waste management - Our company's waste is all non-hazardous industrial waste, and the statistical quantities are as follows:</p> <table><tr><th>Year</th><th>Non-hazardous industrial waste (metric tons/year)</th><th>Waste Density (Ton /Million Revenue)</th><th>Note</th></tr><tr><td>2023</td><td>273.93 (17.80)</td><td>0.0333</td><td>Taiwan , China</td></tr><tr><td>2024</td><td>212.44 (205.91)</td><td>0.0222</td><td>Taiwan, China, SEA</td></tr></table> <p>The implementation method for waste reduction is waste classification, recycling and reuse management, and the waste output is reduced by about 1%. The target is to reduce by 1% every year in the future. The statistical quantities are as follows:</p> <table><tr><th>Year</th><th>Resource recovery and reuse (metric tons/year)</th><th>Note</th></tr><tr><td>2023</td><td>26.7 (7.20)</td><td>Taiwan , China</td></tr><tr><td>2024</td><td>131.56 (96.44)</td><td>Taiwan, China, SEA</td></tr></table> | Year | Non-hazardous industrial waste (metric tons/year) | Waste Density (Ton /Million Revenue) | Note | 2023 | 273.93 (17.80) | 0.0333 | Taiwan , China | 2024 | 212.44 (205.91) | 0.0222 | Taiwan, China, SEA | Year | Resource recovery and reuse (metric tons/year) | Note | 2023 | 26.7 (7.20) | Taiwan , China | 2024 | 131.56 (96.44) | Taiwan, China, SEA | |
| Year | Non-hazardous industrial waste (metric tons/year) | Waste Density (Ton /Million Revenue) | Note | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 273.93 (17.80) | 0.0333 | Taiwan , China | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | 212.44 (205.91) | 0.0222 | Taiwan, China, SEA | | | | | | | | | | | | | | | | | | | | | | |
| Year | Resource recovery and reuse (metric tons/year) | Note | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 26.7 (7.20) | Taiwan , China | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | 131.56 (96.44) | Taiwan, China, SEA | | | | | | | | | | | | | | | | | | | | | | | |

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|---|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | Note: Due to the addition of subsidiaries, performance cannot be shown. However, if we only look at the Taipei plant, there will be waste reduction in 2023, but the 1% reduction target will not be achieved. | |
| 4. Social Issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions? | ✓ | | (1) Jarlytec bases abide by local laws and regulations, and support the "United Nations Universal Declaration of Human Rights (UDHR)" and are committed to pursuing compliance with international human rights standards, including the "International Code of Human Rights", "International Labor Organization Core Convention Standards", and the "Ten Points of the United Nations Global Covenant" Principles" and strictly implement the "Responsible Business Alliance and its Code of Conduct (RBA)" to respect workers' human rights and labor rights. To implement the human rights policy specifically, we have established a sustainable development committee to follow the Responsible Business Alliance and its Code of Conduct. Develop a social responsibility management manual, conduct identification and assessment every year, and formulate annual management goals. Through the promotion and audit of the committee, reporting and correction are continued. Stakeholders can convey and communicate through various confidential channels, and relevant documents must also be save. The specific plans are as follows: 1. Organize social responsibility education and training for suppliers every year. 2. Provide at least 3 hours of education and training for employees on the Code of Conduct of the Responsible Business Alliance and labor safety and health work. 3. Set up an employee complaint hotline and mailbox, which will be accepted by the management unit 4. Hold 4 labor-management meetings every year. 5. Prohibition of forced labor, reasonable and legal working hours, and clear salary payment details. 6. Explain the company's operating conditions and other measures to shareholders and investors at the legal briefing | None |

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|-----------------|-----------------------|----|---|--|---|
| | Yes | No | Summary description | | |
| | | | to implement the labor human rights policy. The rights and obligations of the company's labor and management parties are handled in accordance with the company's work rules. The labor-management relationship is harmonious and there are no major labor disputes and losses. | | |
| | | | Human Rights Concerns and Practices | | |
| | | | | ban child labor | Prohibition of forced labor |
| | | | Normative approach | <ul style="list-style-type: none">• Corporate Social Responsibility Handbook• Employee Recruitment and Appointment Procedures | <ul style="list-style-type: none">• Corporate Social Responsibility Handbook● Employee Recruitment and Appointment Procedures |
| | | | Status statement | Establish a recruitment process with a specific review mechanism to avoid the occurrence of child labor appointments. | None. |
| | | | | Eliminate illegal discrimination | Safe and Healthy Work Environment |
| | | | Normative approach | <ul style="list-style-type: none">• Corporate Social Responsibility Handbook● Employee Recruitment and Appointment Procedures | <ul style="list-style-type: none">● Health Check Control Procedures● Human Factors Evaluation Management Program● Hazard Identification and Risk Assessment Regulatory Procedures |
| | | | Status statement | There are no different selection | Continuously improve the working |
| | | | | | |
| | | | | | |

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|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <div> <div> <div></div> <div>criteria for the selection of qualified personnel due to various identities.</div> </div> <div> <div></div> <div>environment and promote health promotion activities based on the physical examination forms of new employees, the health examination forms of current employees, and the human factors engineering evaluation report.</div> </div> </div> <div> <div></div> <div>Sexual Harassment Strictly Prohibited</div> </div> <div> <div>Normative approach</div> <div> <ul style="list-style-type: none"> ● Measures for the Prevention and Control of Sexual Harassment ● Complaints and Personal Rights Protection Operating Procedures </div> </div> <div> <div>Status statement</div> <div>Any form of harassment is strictly prohibited, including physical, psychological, gender, and verbal harassment; the company has multiple complaint channels to report those who violate the regulations and protect the personal safety of complainants.</div> </div> <div> <p>Human Rights Education and Training</p> <p>Every year, the company promotes education and training on topics such as prohibition of forced labor, prohibition of child labor, anti-discrimination, and anti-harassment in accordance with the code of conduct of the business alliance. According to statistics, a total of 9,200 person-times and a total of 6,842.75 hours of training were conducted in 2024 to implement the promotion of human rights policies.</p> </div> | |

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|---|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| (2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits.) and appropriately reflect business performance or results in employee remuneration? | ✓ | | (2) Employee compensation The company's year-end bonus system is allocated to all colleagues after considering the company's operating conditions and annual performance appraisals to encourage all colleagues to work together towards the company's goals. Employee remuneration is calculated in accordance with the company's articles of association, and the company's profit for the current year is not less than 2%. | None |
| (3) Does the company provide employees with a safe and healthy working environment and conduct regular safety and health education for employees? career development training program for employees? | ✓ | | Employee welfare measures The company has established an employee welfare committee to plan and provide high-quality benefits for colleagues, such as: employee travel subsidies, life arts and cultural activities, birthday gifts, wedding gifts, maternity gifts, funeral allowances, etc. In addition, it also provides free health examination plans for colleagues, preferential car purchase plans for colleagues and other benefits. | |
| (4) Does the Company established effective career development training programs for employees? | ✓ | | Regarding the vacation system, on the basis of the fixed two-day weekly rest, special vacation days are provided in accordance with the law. When colleagues need to take a long leave due to childcare, serious injury or accident, etc., they can also apply for leave without pay to balance personal and family care needs. | |
| (5) Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards and formulate relevant policies and appeal procedures for the protection of consumers or customers’ rights and interests? | ✓ | | Business performance is reflected in employee remuneration The company participates in market salary surveys and adjusts salaries every year based on market salary levels, economic trends and personal performance to maintain overall salary competitiveness. In 2024, the company's Taiwan region includes supervisory and non-supervisory positions, and the average annual salary increase was 3.5%. | |
| (6) Has the company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights and their implementation? | ✓ | | (3) Occupational Safety and Health Policy The Company establishes its policies in accordance with the Occupational Safety and Health Act and client requirements, while complying with relevant industry standards to foster a healthy and happy workplace. | |

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|-----------------|-----------------------|----|--|--|
| | Yes | No | Summary description | |
| | | | <p>The Company has obtained ISO 45001 Occupational Health and Safety Management System certification (valid from May 30, 2022 to May 29, 2025), verified by the Metal Industries Research & Development Centre. Workplace and public safety are highly prioritized by the Company. Two fire drills and occupational safety training sessions are conducted annually. All new employees receive occupational safety and health orientation, and annual traffic safety campaigns are implemented. Through hands-on drills and educational programs, employees are equipped with emergency response skills and self-safety management awareness. Annual inspections of safety protection and firefighting equipment are carried out by designated personnel and professional contractors to ensure proper functioning in the event of an emergency, aiming to create a zero-accident environment. On-site workers are provided with and required to wear personal protective equipment (PPE). Inspections show that approximately 95% of employees consistently wear PPE, with ongoing efforts to enhance compliance among the remainder.</p> <p>In 2024, the Company recorded a Disabling Injury Frequency Rate (DIFR) of 0.2. There was one occupational injury case (in a mainland China plant), involving one employee (representing approximately 0.04% of total employees), with no change compared to 2023. There were no fire incidents, fatalities, or injuries (0.0% of total employees). Relevant departments have reviewed the incident and implemented improvement measures, including personnel training, PPE usage, and pre-task safety checks, to ensure employee safety during operations.</p> <p>Workplace Environment Monitoring To ensure workers are not adversely affected by environmental factors at the workplace and to provide a healthy and</p> | |

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|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <p>comfortable working environment, the Company conducts two workplace environment monitoring assessments annually to determine potential exposure to hazardous substances.</p> <p>Health Promotion The Company is committed to tobacco hazard prevention and health promotion, striving to maintain a healthy work environment. In January 2025, the Company was again awarded the “Healthy Workplace Certification – Health Promotion Label” by the Health Promotion Administration of the Ministry of Health and Welfare. Designated personnel attend safety and health training programs, and periodic health checks are conducted for employees involved in special operations to improve workplace health and safety. Furthermore, to promote physical and mental well-being, the Company encourages employees to develop exercise habits. Employee clubs are supported to foster team cohesion, and in 2024, the Company participated in two road running events to enhance employee wellness.</p> <p>Occupational Safety and Health Education and Awareness To ensure employees are well-informed of occupational safety and health regulations, internal safety mechanisms, and health promotion practices, the Company implements annual training plans. Courses include information on disease prevention, emergency response (e.g., fire incidents), occupational safety and health, and environmental protection regulations. In 2024, a total of 38 training sessions were conducted.</p> <p>(4) The company focuses on product quality improvement and employees' R&D and innovation capabilities and encourages employees to participate in activities such as quality technician certification, domestic and foreign technical seminars., in addition to cultivating employees' professional functions, further expand employees' international vision and grasp</p> | |

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|-----------------|-----------------------|----|---|--|
| | Yes | No | Summary description | |
| | | | <p>industry market trends and market trends. technical skills. Educational training covers: new personnel training, professional function training, supervisor ability training and general training.</p> <p>(5) The company's products are regulated by environmental safety and health, HSF, RBA social responsibility regulations and industry standards and there are special personnel and e-mail mailboxes to deal with relevant issues related to consumer rights complaints to ensure that when customer complaints occur, they can be dealt with as soon as possible. We have established a customer complaint control program and through the cause analysis and improvement of customer complaints, we can prevent similar incidents from happening again.</p> <p>(6) The company has established "External Supply Process Management Procedures" and "External Supply Process Management Measures". When selecting new suppliers, they will be required to sign the "Environmental Quality Assurance Letter" and decide to conduct an on-site evaluation. Process quality (QPA) and Hazardous Substance Process Management (HSF) are evaluated. After the evaluation records are sorted out by the quality assurance unit, they are delivered to the evaluation team for judgment and sent to the relevant units and the supplier to know and continue to follow up for the evaluation. Identify missing items, respond to improvement evidence within a time limit and then conduct regular audits on the classification of qualified suppliers to reduce environmental impact. Since 2019, the ISO 45001 occupational safety and health management system and the implementation of the CSR corporate social responsibility system have been implemented and the implementation of human trafficking prevention regulations has been increased, requiring all suppliers to sign and comply to ensure the basic rights and interests of laborers. In addition, the terms of the contract between the company and the supplier state that</p> | |

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|-----------------|-----------------------|----|--|--|
| | Yes | No | Summary description | |
| | | | <p>within the contract period, if either party is unable to perform the content and conditions of the contract for reason (including force majeure), it can notify the other party in writing and after both party’s sign and agree, which terminates the contract.</p> <p>Supplier evaluation management is as follows,</p> | |
| | | | <p>Supplier evaluation</p> <ol style="list-style-type: none"> 1. Relevant units may search for new suppliers and make samples for trial due to task requirements; after the demand unit initially confirms that it has the supply capacity and willingness to cooperate, the demand unit shall submit a supplier evaluation application form to the quality assurance unit for proceeding. Formal evaluation. 2. All new suppliers must pass the supplier QSA & QPA assessment of relevant units and comply with the supplier code of conduct in order to obtain the company's supplier qualifications. 3. Suppliers must sign the purchase contract/Integrity Commitment/Environmental Protection Guarantee/Supplier Social Responsibility Commitment/REACH SVHC Questionnaire/Confidentiality Contract. 4. Existing cooperative suppliers will also conduct annual audits and evaluations on delivery quality to ensure quality stability. | |
| | | | <p>Supplier audit</p> <ol style="list-style-type: none"> 1. The quality assurance unit receives the new supplier evaluation schedule and notifies relevant units to set up an audit team before the audit to track and improve the deficiencies in the supplier audit, jointly improve quality and technology, improve processes, improve yields, and strengthen environmental protection. Safety and health performance. 2. The quality assurance unit of existing suppliers will select the top six defective suppliers based on the IQC spot inspection results from January to December of the previous year. The quality assurance unit will arrange the audit schedule for the current year and carry out on-site audits. 3. In addition to the six previously mentioned non-performing suppliers, select suppliers | |

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|---|-----------------------|----|--|--|
| | Yes | No | Summary description | |
| | | | <div>with seven to twenty defective rankings, and use the results of the manufacturer's self-evaluation on a written checklist as the basis for evaluation. The frequency is once a year, and the evaluation results are implemented according to the grade.</div> <div>Supplier training <ol style="list-style-type: none"> 1. The company will hold supplier conferences or audit training groups from time to time to effectively improve environmental protection, safety and health performance through different types of guidance and communication, and comply with international environmental standards. 2. The course includes explanations of environmental issues such as environmental sanitation, employee health, environmental laws and regulations, business ethics and conflict minerals. </div> <div>Supplier Forum and Recognition <ol style="list-style-type: none"> 1. The company evaluates and commends outstanding suppliers every year. In addition to conveying the manufacturers' sustainable development concepts and goals for the company, the company also specifically praises manufacturers with excellent quality. 2. The commendation meeting mainly focuses on annual recognition of suppliers with outstanding performance and outstanding contributions in four major aspects: quality improvement, cost reduction, ensuring delivery, and joint sustainable development. </div> | |
| 5. Does the company refer to the internationally accepted report preparation standards or guidelines to prepare reports such as sustainability reports that disclose non-financial information of the company? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit? | ✓ | | The company released its first sustainability report in August 2023, which was compiled using GRI Standards, the internationally accepted reporting guideline, to explain the promotion and performance of sustainable development policies, including operating performance, corporate governance, product responsibility, and sustainability. Demonstration of the environment, employee care and welfare, creating a safe workplace and social participation. The indicators disclosed in the report mainly focus on the Taiwan headquarters and factories of Zhaoli Technology Industrial Co., Ltd. and the factories in mainland China. The | There are no major differences yet. |

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|--|-----------------------|-------------------------|---|--|
| | Yes | No | Summary description | |
| | | | economic performance indicators are disclosed as entities in the consolidated statements, including the company and its subsidiaries. The statistical data disclosed in the report are derived from the company's own statistics and surveys. If there are any estimates, they will be noted in the relevant chapters. The sources of relevant financial data are all prepared in accordance with the International Financial Reporting Standards (IFRSs) approved and issued by the Financial Supervisory Commission and the Financial Reporting Standards for Securities Issuers, and have been verified and certified by Anhou Jianye United Accounting Firm. , publicly released financial report information. | |
| 6. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the prescribed code: On January 20, 2017, the company passed the resolution of the board of directors to formulate the "Social Responsibility Management Manual". At present, there is no major difference between the implementation and operation of corporate social responsibility and the code stipulated. | | | | |
| 7. Other valuable information helpful to understand the implementation of the promotion of sustainable development: The company strives to promote diversity, inclusion and gender equality. We implement diversity in employment, fairness in remuneration and promotion opportunities, and ensure that employees will not be discriminated against because of race, gender, religious belief, age, political orientation or any other factors protected by applicable laws and regulations. discriminated against, harassed or treated unfairly. We attach great importance to the diversity of employees and give priority to employees with disabilities. The number of employees far exceeds 1.5 times the number stipulated in the "Law on the Protection of the Rights and Interests of the Disabled" (5 people should be hired by law, but 9 people are actually employed). The specific implementation status is as follows 1. Clearly define the relevant human resources system of the company, announce the relevant policies and measures of anti-discrimination and anti-harassment in the work rules, recruitment management procedures, social responsibility management manual, promotion and salary adjustment system, and announce it on the company's internal website. 2.In 2024, more than 50% of the company's workers are female. 3. Propaganda and complaint channels for workplace bullying and sexual harassment prevention and control every year. 4. Hiring second-time employed women and new residents. 5. Excessive employment of persons with disabilities. 6. Organize gender equality education and training. 7. Set up a breastfeeding (collection) room, which can be used safely by employees who need to breastfeed (collection). | | | | |
| Multivariate indicator category | | Proportion of employees | | |
| Women account for the total workforce | | 57 | | |

| Evaluation Item | | Implementation Status | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|---|------|-----------------------|----|--|
| | | Yes | No | |
| handicapped | 1.25 | | | |
| less than 30 years old | 24 | | | |
| 30-50 years old | 64 | | | |
| over 50 years old | 12 | | | |
| 7-2. Fulfilling Corporate Social Responsibility and Giving Back to the Community | | | | |
| Upholding the principle of "taking from society and giving back to society," Jarllytec actively participates in charitable donations and responds to social needs each year, contributing to the well-being of disadvantaged groups and giving back to both society and the local community. | | | | |
| Located in the New Taipei Industrial Park, the central metropolitan hub of Greater Taipei, Jarllytec operates in a zone spanning approximately 140 hectares and covering both Xinzhuang and Wugu districts. The park is home to around 1,500 businesses, primarily small and medium-sized enterprises, where public welfare and social service organizations have limited access to resources. Through tangible actions, Jarllytec hopes to inspire more local enterprises and residents to engage in public welfare activities. In particular, the Company supports the Hsinlu Foundation - New Taipei City Ciyou Sheltered Workshop and the Andrew Food Bank by purchasing their goods and participating in volunteer services. Given the close proximity of these organizations to the Company, every product purchased and every donation made directly benefits neighboring families and children. Through these efforts, the Company aims to foster collective participation and build a better future for the industrial park community. | | | | |
| Children represent the future of the nation and are a vital group that cannot be overlooked in addressing social issues. Many children from broken or vulnerable families urgently need care and support. Therefore, Jarllytec has participated in charitable initiatives organized by the Taiwan Fund for Children and Families – New Taipei City Private Datong Children’s Home and the Autism Social Welfare Foundation – Aiken LOHAS Workshop. Through donation activities, the Company seeks to improve living conditions and educational resources for these children, enabling them to grow in a safe and nurturing environment with greater opportunities for learning and development. | | | | |
| Jarllytec continuously identifies charitable organizations in need of support within the industrial park and the Greater Taipei area. In 2024, the Company donated NT\$190,000 to the Taiwan Fund for Children and Families – New Taipei City Private Datong Children’s Home, and purchased goods totaling NT\$73,059 from the Hsinlu Foundation and the Autism Social Welfare Foundation. These contributions not only demonstrate the Company's commitment to corporate social responsibility, but also reflect a deep concern and promise for children's welfare and the future of society. | | | | |
| In addition, the Company organized a volunteer service event at the Andrew Food Bank, mobilizing 19 employees to assist in the sorting and packaging of food boxes. This hands-on participation provided employees with a profound understanding of the hardships faced by underprivileged families, while also fostering empathy and a spirit of compassion. | | | | |
| Beyond providing material and emotional support, companionship and interaction are also essential elements in a child's development. In 2024, the Company hosted a charity Employee Movie Day, inviting children from the orphanage to enjoy the event alongside Jarllytec employees and their families. This was not only an opportunity to watch a film but also a heartwarming gathering that offered care, laughter, and encouragement to the children. | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|---|-----------------------|----|---------------------|--|
| | Yes | No | Summary description | |
| <p>Ahead of the Ghost Festival (Zhongyuan Festival) in 2024, the Company collaborated with the Fuxing Village Office, where its headquarters is located, to identify the needs of local disadvantaged families. Living essentials were donated to support three households, allowing them to feel the warmth and care of society during this season of gratitude and sharing. Through continuous care and concrete actions, Jarllytec is committed to extending love and support to every corner of the community.</p> <p>In its dedication to safeguarding lives, the Company also held biannual blood donation drives in 2024, collecting 116 and 128 bags of whole blood, respectively. These donations provided timely and invaluable support to blood banks facing supply shortages. Each bag of blood represents hope for patients in urgent need. Jarllytec remains committed to public health issues and actively engages in diverse charitable initiatives to bring more positive energy to society and help shape a brighter future.</p> <p>While protecting lives, the Company also contributes to the preservation of marine ecosystems. In 2024, Jarllytec participated in the International Coastal Cleanup (ICC), co-organized by the National Museum of Marine Science and Technology, to promote waste reduction and plastic-free practices at the source, fulfilling its corporate environmental responsibility. Employees actively engaged in waste sorting and recycling, ultimately clearing 22 categories of marine debris weighing a total of 46.965 kilograms over a 100-meter coastal stretch. Through these efforts, the Company raises awareness of marine pollution and continues to deepen its commitment to environmental protection, encouraging employees to integrate sustainability into their daily lives and work collectively to safeguard the planet.</p> | | | | |
| <p>7-3 Employee Satisfaction Survey</p> <p>The Company’s Human Resources Department conducts an annual employee satisfaction survey to better understand employees’ perceptions of the organization and to formulate improvement plans based on the survey findings. In 2024, the survey was conducted from November 4 to November 22.</p> <p>This year’s employee satisfaction survey covered seven key dimensions: corporate social responsibility and professional ethics, acceptance of assigned and required tasks, perceived value of experience and skill application in the job, support received at work, adequacy of training in company policies and workplace safety, effectiveness and responsiveness of communication channels, and understanding and involvement in organizational decision-making.</p> <p>A total of 627 employees participated in the survey, achieving a coverage rate of 81%. The overall employee satisfaction rate reached 95.55%, representing a 1.05% increase from the previous year. Additionally, 25.2% of employees reported being highly satisfied with the Company. The Company aims to achieve an employee satisfaction rate of 96% in 2025.</p> <p>Based on the survey results, the following improvement measures are planned for 2025:</p> <p>Enhancing Transparency of Company Policies</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons |
|---|-----------------------|----|---------------------|--|
| | Yes | No | Summary description | |
| To improve employee recognition and understanding of company policies, the Company will re-examine its rewards and disciplinary system. Depending on the implementation status, explanatory sessions may be organized to ensure openness and transparency. | | | | |
| Strengthening Professional Competency Across All Levels | | | | |
| To boost organizational competitiveness and develop employee skills, targeted training programs will be implemented for different employee groups. These will include both in-person and online courses. An incentive mechanism will also be established to enhance participation and cultivate a learning-oriented organizational culture. | | | | |
| Promoting Work Efficiency Through Automation | | | | |
| To improve work efficiency and reduce employee workload, the Company will assess the feasibility of introducing suitable automated systems tailored to the nature of each department’s work, thereby easing personnel burdens. | | | | |
| Improving Employee Dining Experience | | | | |
| To enhance employee satisfaction with meals provided by the central kitchen, the Company will issue a feedback questionnaire to gather insights on popular and less preferred menu items, which will serve as a reference for vendor evaluations. Additionally, dining area seating arrangements and cleanliness will be optimized to create a more comfortable dining environment. | | | | |

2.3.6 Climate-related information for listed OTC companies

1. Implementation of climate-related information

| | | | | |
|---|---|---|---|---|
| 1. Describe the board and management's oversight and governance of climate-related risks and opportunities. | The company follows the Task Force on Climate Related Financial Disclosures (TCFD) to identify climate-related risks and opportunities. On climate issues, the company's board of directors is the highest supervisory unit, coordinating the overall climate strategy and supervising the implementation of the sustainable development committee. Climate-related risk management scenarios. The Sustainability Committee regularly reviews environmental, social and corporate governance risk assessments, including but not limited to issues related to climate change, to promote operations, identify major risks and opportunities, and develop response and adaptation strategies. It is organized by the Sustainability Committee at least once a year. The Development Committee reports to the Board of Directors the company's implementation results and plans on issues related to sustainable climate change. | | | |
| 2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finances (short-term, medium-term, long-term). | The company refers to the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines to conduct analysis of the company's potential risks and the possibility of risk occurrence, based on factors such as asset durability, potential risks, and the industrial sectors and regions in which it operates. , evaluate various short, medium and long-term risks (short-term: 1 to 3 years, medium-term: 1 to 3 years, long-term: 5 to 10 years) and opportunities, and publicly disclose the potential threats to the company's future operations in the annual sustainability report report. The company plans to expand the assessment aspect in the future, and evaluate risks and opportunities on a graded basis. Based on the "possible probability of occurrence" and "impact impact", a risk and opportunity matrix diagram is drawn for judgment. The results are expected to be divided into three categories: low, medium and high. Risk levels and define priorities of risks and opportunities. For risks classified as medium or high, list them as major risks and further develop preventive measures and improvement plans. | | | |
| | Climate change financial impact analysis (risk) | | | |
| | climate change risks | Impact time course | financial impact | response plan |
| | typhoon | short term | Typhoons will cause problems such as operational disruptions, affecting employees' lives, and suppliers interrupting the supply of components. Associated recovery costs and product delivery delays will increase administrative costs and reduce sales. | Follow emergency response guidelines when affected by typhoons. |
| average temperature rise | long term | • Employees suffering from heat stroke or other health conditions can reduce work | • Continuously perform equipment maintenance and power consumption | |

| | | | | | |
|--|--|-----------|---|---|--|
| | | | <p>efficiency and reduce sales.</p> <ul style="list-style-type: none"> Sustained high temperatures may increase demand for electricity, affect production efficiency, reduce sales and increase operating costs. | <p>monitoring to maintain stable power consumption</p> <ul style="list-style-type: none"> Strengthen the education and training of personnel in handling emergency incidents caused by disasters. | |
| | Total greenhouse gas control and carbon tax and carbon fee | long term | According to the "Climate Change Response Act" proposed by the Environmental Protection Agency passed in 2023, a mechanism for levying a "carbon fee" will be established. It is expected to be levied in 2024 and implemented in phases. Therefore, the company may incur "carbon fees" in operating costs in the future. | <ul style="list-style-type: none"> Set carbon reduction goals At present, we purchase energy-saving products and promote energy-saving, and fully use environmentally friendly refrigerants. Set a goal to reduce carbon emissions by at least 1% every year. | |
| | Customer behavior changes | long term | In response to the global trend of net-zero emissions and reduced environmental impact, customers are switching to lower-carbon raw materials and products that reduce environmental impact, or are requiring companies to provide products and services with more transparent environmental-related information. If existing products and services fail to meet the needs of the low-carbon market, sales may decrease and revenue may decrease, affecting the company's financial planning. | <ul style="list-style-type: none"> Use more efficient modes of transportation. Low-carbon production processes and products and services that reduce environmental impact. Provide customized services to customers. Replace old, energy-intensive equipment. Actively seek talents for low-carbon transformation and train employees to enter the era of low-carbon transformation. | |
| | Increasing concerns and negative | long term | Goodwill risks related to climate change: In response to climate | Increase green manufacturing and green innovation to enhance | |

| | | | | | |
|--|--|--------------------|--|---|--|
| | feedback from stakeholders | | change, products with high carbon emissions cannot meet the expectations of stakeholders, and they will face negative public opinion and reduce customer trust and satisfaction, which will affect corporate reputation, cause customer loss and reduce sales. | corporate green image. | |
| Climate change financial impact analysis (opportunities) | | | | | |
| | climate change risks | Impact time course | financial impact | response plan | |
| | Efficient production management | long term | There are no strict requirements to control product packaging materials, resulting in increased packaging costs. There are fewer automated processes, resulting in higher labor costs. | <ul style="list-style-type: none"> Control product packaging and reduce the use of packaging materials. Increase automated processes. | |
| | Develop and/or increase low carbon goods and services | long term | Failure to develop and design low-energy products and improve manufacturing processes has resulted in increased product raw material costs and increased electricity bills. | <ul style="list-style-type: none"> Develop green products and initiate the use of raw material recycling mechanisms, such as recycling and reusing plastic parts, castings and iron parts, to reduce costs and produce low-energy-consuming products. Plan to purchase wastewater recycling equipment to reduce water resources and production costs. | |
| | ESG investment improves company market value and image | long term | investor willingness | <ul style="list-style-type: none"> Committed to product development and designed in accordance with environmental protection standards, the product | |

| | | | | | |
|--|---|--|--|---|--|
| | | | | <p>manufacturing process uses raw materials that are free of harmful substances and can be recycled and reused, reducing energy requirements in the process, and participating in social welfare to achieve sustainable operations and enhance corporate image.</p> <ul style="list-style-type: none"> Invest in ESG sustainability plans, establish a sustainable development committee for joint implementation, strengthen communication with stakeholders and strengthen company risk management contingency measures. | |
| 3. Describe the financial impact of extreme climate events and transition actions. | <p>For the Company's assessment of the potential financial impact of extreme climate and transition actions, please see the Climate Change Financial Impact Analysis (Risk) and Climate Change Financial Impact Analysis (Opportunity) tables in the preceding paragraph. Regarding the transformation action level, the Company actively plans to conduct ISO 14064 greenhouse gas inventories at global operating locations, and obtains verification reports from third-party verification units. It also plans energy conservation, carbon reduction, green electricity introduction and other projects to achieve low-carbon transformation goals.</p> | | | | |
| 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. | <p>The Company follows the Task Force on Climate Related Financial Disclosures (TCFD) to identify climate-related risks and opportunities. The company's board of directors is the unit with the highest responsibility for climate risk management. It regularly reports the implementation and results of climate risk management to the board of directors through the sustainable development committee every year, and supervises the implementation of climate-related risk management. The Sustainability Committee is affiliated to the Board of Directors and assists the Board of Directors in reviewing the implementation of risk management. As a functional committee directly under the board of directors, the Sustainability Development Committee has a working group of the Sustainability Development Committee, whose members are composed of heads and representatives of various departments and business units. The Working Group of the Sustainability Committee conducts comprehensive assessment and analysis of various risks and opportunities including climate every year, develops response and adaptation strategies, and produces an enterprise risk management report to submit to the Sustainability Committee.</p> | | | | |
| 5. If scenario analysis is used to assess | <p>Currently, scenario analysis is not used to assess climate change risks. In the future, it will be developed and</p> | | | | |

| | |
|---|---|
| resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained. | considered based on the company's climate change impact. |
| 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks. | For the company's transformation plan for climate-related risks, please see the preceding paragraph 3. Describing the financial impact of extreme climate events and transformation actions. |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | Internal carbon pricing is not currently used as a planning tool and will be developed and considered in the future based on the company's impact on climate change. |
| 8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed. | The company has set a climate-related goal to reduce carbon emissions by at least 1% every year. In the future, depending on the company's impact on climate change, we will consider purchasing carbon offsets or renewable energy certificates (RECs) to accelerate carbon reduction results. |
| 9. Greenhouse Gas Inventory, Verification, Reduction Targets, Strategies, and Specific Action Plans | Please check the the chart below. |

1-1 Company greenhouse gas inventory and confirmation status in the last two years

| | |
|--|---|
| <p>Basic information of the company</p> <p><input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry</p> <p><input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion</p> <p><input checked="" type="checkbox"/> Capital of less than NT\$5 billion</p> | <p>Minimum required disclosure under the Sustainable</p> <p><input checked="" type="checkbox"/> Inventory for parent company only</p> <p><input type="checkbox"/> Inventory for all consolidated entities</p> <p><input type="checkbox"/> Assurance for parent company only</p> <p><input type="checkbox"/> Assurance for all consolidated entities</p> |
|--|---|

| Scope 1 | Total emissions (Metric tons CO ₂ e) | Intensity (Metric tons CO ₂ e / NT\$ 1 million) | Assurance body | Description of assurance status |
|---------------------|--|---|--|---------------------------------------|
| 2023 Parent company | 345.5472 | 0.0420 | Metal Industries Research & Development Centre | Comply with ISO14064-1:2018 confirmed |
| 2024 Parent company | 291.0509 | 0.0304 | - | - |
| Scope 2 | Total emissions (Metric tons CO ₂ e) | Intensity (Metric tons CO ₂ e / NT\$ 1 million) | Assurance body | Description of assurance status |
| 2023 Parent company | 4,083.6214 | 0.4968 | Metal Industries Research & Development Centre | Comply with ISO14064-1:2018 confirmed |
| 2024 Parent company | 4,819.7254 | 0.5032 | | |
| Scope 3 | Total emissions (Metric tons CO ₂ e) | Intensity (Metric tons CO ₂ e / NT\$ 1 million) | Assurance body | Description of assurance status |
| 2023 Parent company | 928.2784 | 0.1129 | Metal Industries Research & Development Centre | Comply with ISO14064-1:2018 confirmed |
| 2024 Parent company | 1,137.436 | 0.1188 | -- | - |

In 2024, the greenhouse gas (GHG) inventory boundary was expanded to include the entire Jarllytec Group. Relevant disclosures are expected to be included in the 2024 Sustainability Report.

Verification of the 2024 GHG emissions data is scheduled to take place in May 2025.

2.3.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons |
|--|----------------------------|----|--|--|
| | Yes | No | Summary description | |
| <p>1. Formulate policies and plans for integrity management</p> <p>(1) Does the company formulate an honest management policy approved by the board of directors and express the policy and practice of honest management in its regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the management policy?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with elevated risk of dishonest behavior within the business scope and formulates a plan for preventing dishonest behavior based on it and at least covers "listing and listing on the OTC". What are the preventive measures for the behaviors in Article 7, Paragraph 2 of the "Company Integrity Management Code"?</p> <p>(3) Has the company clearly defined operating procedures, behavior guidelines and punishment and appeal systems for violations in the plan for preventing dishonest behavior and has implemented them and regularly reviews and revises the plan before disclosure?</p> | <p>✓</p> <p>✓</p> <p>✓</p> | | <p>(1) On May 7, 2014, the company passed the "Integrity Management Code" by the resolution of the board of directors and cooperated with the company's actual operations and the revision and update of laws and regulations. The latest revision of the "Integrity Management Code" was approved by the resolution of the board of directors on March 12, 2019. And it will be submitted to the shareholders' meeting on June 18, 2019 and the board of directors will report on the implementation of the company's integrity management on November 05, 2021. In addition, in accordance with the company's actual operation and the revision and update of regulations, it is advisable to promote the group personnel from time to time to abide by the above regulations. In 2024, internal and external education and training related to the issue of integrity management (including courses related to integrity management, corporate governance, accounting system and internal control) will be held for 6,424 people and 9,814.75 hours.</p> <p>(2) The company has anti-corruption clauses, the "Code of Professional Ethics" (the latest version is November 4, 2022) and the "Code of Ethics" (the latest version is June 18, 2019). Precautionary measures for the behaviors of Article 7, Paragraph 2 of the "Company Integrity Management Code"; irregularly publicize that the business activities of group personnel in the business scope should be managed in strict accordance with the regulations.</p> <p>(3) The company has established the "Code of Professional Ethics", the latest version is November 4, 2022. There are relevant regulations for preventing dishonest behavior, as well as behavior guidelines, punishment and complaint systems for violations and</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|---|----------|---|---|
| | Yes | No | Summary description | |
| | | | internal and external education and training. To promote the related integrity issues. | |
| <p>2. Implement honest management</p> <p>(1) Does the company evaluate the integrity record of the counterparty and specify the terms of honesty in the contract signed with the counterparty?</p> <p>(2) Does the company set up a resolute unit for promoting corporate integrity management under the board of directors and report regularly (at least once a year) to the board of directors on its integrity management policy and plan for preventing dishonest behavior and supervise the implementation?</p> <p>(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation and implement them?</p> <p>(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest management and the internal audit unit has formulated relevant audit plans based on the assessment results of the risk of dishonest behavior and checked the plan for preventing dishonest behavior accordingly. Comply with the situation, or commission an accountant to perform the audit?</p> <p>(5) Does the company regularly hold internal and external education and training on integrity management?</p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> | <p>✓</p> | <p>(1) The company already has a relevant evaluation mechanism for its customers and suppliers. When entering a contract with it, the rights and obligations of both parties will be stipulated in it.</p> <p>(2) At present, the company's general management office promotes and implements the operation of corporate integrity management according to its powers and responsibilities. To prevent conflicts of interest and provide appropriate channels for presentation, the "Code of Integrity Management" was approved by the board of directors on May 7, 2014 and was approved by the board of directors on March 12, 2019 To cooperate with the company's actual operations and comply with laws and regulations Revised and submitted to the shareholders meeting on June 18, 2019. The General Management Office regularly reports to the Board of Directors on its implementation (for example, the implementation of the education training and complaint system) on a regular basis (the most recent report to the Board of Directors on December 29, 2022). In 2021, internal and external education and training related to integrity management issues (such as courses related to integrity management, corporate governance, accounting system and internal control.) will be held for 440 person-times and 533.5 hours. In terms of the complaint system, the company has established the "Complaint and Personal Rights Protection Operational Procedures" and has a complaint acceptance phone number and a complaint mailbox as a complaint channel. You can respond to complaints through the phone and mailbox or to the General Management Office, Audit Office or Finance Office.</p> <p>(3) The company has established the "Professional Code of Ethics". For matters related to conflicts of interest, employees can not only report to the supervisor of the directly subordinate department, but also can be assisted by members of the general manager's office to guide and integrate related matters.</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Summary description | |
| | | | (4) The company has a full-time unit "Audit Office" and full-time personnel responsible for formulating internal audit plans, and internal auditors carry out inspections based on the audit plans. (5) The company has incorporated the relevant norms of integrity management into the content of the education and training materials for new recruits. In 2023, internal and external education and training related to integrity management issues (such as courses related to integrity management, corporate governance, accounting system and internal control.) will be held for 579 person-times and 589 hours. | |
| 3. Operation of the company whistleblowing system (1) Has the company formulated a specific whistleblowing and reward system, established a convenient reporting channel and assigned appropriate personnel in charge of managing the whistleblower? (2) Has the company established standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed and the relevant confidentiality mechanism? (3) Has the company taken measures to protect the whistleblower from being mistreated due to the whistleblower? | ✓ ✓ ✓ | | The company has established the "Complaint and Personal Rights Protection Operational Procedures" and has a complaint acceptance phone number and a complaint mailbox as a complaint channel. You can respond to complaints through the phone and mailbox or to the General Management Office, Audit Office or Finance Office. The company has established "Complaint and Personal Rights Protection Operational Procedures", which are anonymous complaints. When receiving a complaint case, the complaint acceptor will immediately take reasonable preventive and protective measures to ensure the quality of the investigation and prevent the complainant from suffering. Unfair retaliation or treatment. If customers, suppliers, contractors or other third parties with major external relations complain that our employees have committed corruption, accepted bribes, or offering bribes, they will file a case for investigation as soon as possible and it is forbidden to disclose the identity of the complainant to ensure their Personal safety is free from reprisals or threats. | None |
| 4. Strengthen information disclosure Does the company disclose the content of its integrity management code and promote its effectiveness on its website and public information observatory? | ✓ | | The company has disclosed the "Integrity Management Code" on the company's website and the public information observatory. In addition, the company's website has disclosed relevant corporate culture, business policies and other information. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---------------------|---|
| | Yes | No | Summary description | |
| 5. If the company has its own integrity management code in accordance with the "Code of Integrity Management of Listed OTC Companies", please describe the differences between its operation and the established code: On May 7, 2014, the company passed the "Integrity Management Code" by the resolution of the board of directors and on March 12, 2019, to cooperate with the company's actual operation and comply with laws and regulations, it was approved by the board of directors and revised on June 18, 2019. Report to shareholders meeting. From time to time, group personnel should strictly abide by the regulations and there is no major difference between the company's operation and the code of conduct. | | | | |
| 6. Other valuable information that helps to understand the company's integrity management operation: (such as the company's review and revision of its integrity management code.) (1) On March 12, 2019, to cooperate with the company's actual operations and comply with laws and regulations, the company approved the revision of the "Integrity Management Code" by the board of directors and submitted it to the shareholders' meeting on June 18, 2019. (2) The company's "Procedure Rules for the Board of Directors" stipulates a system of avoiding the interests of directors. When directors have an interest in themselves or the legal person they represent and may harm the interests of the company, they may state their opinions and answer inquiries. They shall not participate in the discussion and voting and shall abstain from the discussion and voting and shall not exercise their voting rights on behalf of other directors. (3) The company has established the "Management Procedures for Handling Internal Material Information and Preventing Insider Transactions", which clearly stipulates those directors, managers and employee shall not disclose material internal information they know to others and shall not report material internal information of the company to others. The person inquires or collects undisclosed internal material information of the company that is not related to the personal position. | | | | |

2.3.8 Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together

(1) Expose managers' participation in corporate governance-related training and training.

| Title | Name | Date for attending continuing education | Hosted By | Course Title | Hours |
|------------------------------|------------------|---|--|---|-------|
| CEO | Chang, Tai Yuan | 2024/10/16 | Taiwan Corporate Governance Association | 2024 Corporate Governance Summit | 6 |
| CFO | Chen, Ying Syuan | 2024/08/12 | Accounting Research And Development Foundation | Investigation Practice and Cases of Corporate Fraud | 6 |
| | | 2024/10/28 | Accounting Research And Development Foundation | Strengthening Internal Control Defense Functions and Board of Directors' Operating Mechanisms, along with Analysis of Embezzlement Cases. | 6 |
| Corporate governance officer | Chung, Hsin Ru | 2024/07/05 | Accounting Research And Development Foundation | Promote the Sustainable Development of Enterprises through Risk Management | 6 |
| | | 2024/08/27-28 | Securities & Futures Insititute | Driving corporate sustainability through risk management | 12 |

(2) The company passed the resolution of the board of directors on August 25, 2009 to formulate the "operational procedures for internal material information processing and prevention of insider trading" and in response to legal amendments and actual operational needs, the board of directors resolved on August 9, 2022 and December 29, 2022 By revising the relevant provisions, the company announced the operating procedures to all employees, managers and directors to comply with the relevant procedures and placed them in the company's intranet announcement area for all colleagues to follow and review at any time to avoid violations or occurrences Insider trading.

(3) The company passed the resolution of the board of directors on March 29, 2010 to formulate the "Risk Control and Management Operation Specifications" and in line with the company's organizational changes and actual operational needs, the board of directors approved the revision on May 7, 2014. Related provisions. The company has set up a risk management organization, with the general manager as the general convener to coordinate and direct the promotion and operation of the risk management plan. It has various power and responsibility units responsible for promoting various business risk management.

General Management Office: allocation and response of human resources, implementation of various insurance operations, establishment and maintenance of environmental safety and health.

fiscal Affairs Office: financial risk assessment, legal and regulatory review, media public relations and external relations.

Information Department: maintain the normal operation of the system.

R&D Office: contingency measures for R&D operating environment, risk assessment of new product development and R&D progress control.

Business Office: Collection and establishment of market information, coordination of production and sales, establishment and handling of customer relationships and tracking and collection of receivables.

Manufacturing Division: contingency measures for production operations, production contingency plan specifications, direct personnel support allocation plan, establishment of supplier contingency plans, contingency matters for raw material procurement, water and electricity supply plans, equipment purchase alternative plans, on-site environmental safety Contingency plan, document preservation plan, damage and quality control of defective products and contingency measures for product testing operations.

Audit Office: According to the company's internal control and audit plan, check whether the risk control management of each unit is implemented and prepare an audit report according to the actual audit results.

The company has established a mechanism for reporting operational risk indicators and operational risk events, aggregates various business information and conducts independent analysis of various results and trends to take appropriate risk control and serve as a reference for improving relevant operational procedures.

(4)Directors' Liability Insurance

| Insured Parties | Insurance Provider | Policy Period | Date Reported to the Board |
|-----------------|-------------------------------|--|----------------------------|
| All Directors | Shin Kong Insurance Co., Ltd. | From: August 1, 2024 To: August 1, 2025 | November 12, 2024 |

2.3.9 The implementation of the internal control system shall disclose the following matters

(1)Please refer to the Market Observation Post System (MOPS) at <https://mops.twse.com.tw> > Single Company > Corporate Governance > Corporate Rules > Internal Control > Internal Control Statement Disclosure. Enter the applicable year and company code 3548 to search for the Internal Control Statement disclosure.

(2)Those who entrust an accountant to review the internal control system should disclose the accountant's review report: None.

2.3.10 Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of printing the annual report

(1) shareholders' meeting

| Date | Meeting Note | Result | Implementation |
|------------|--|--|---|
| 06/18/2024 | 1. Acknowledgment of the 2023 Business Report and Annual Final Accounting ledgers and Statements. | The number of votes in favor accounted for 97.64% of the total voting rights of shareholders present, and this proposal was voted and passed as the original proposal. | Implemented in accordance with the resolution of this case. |
| | 2. Acknowledged 2023 Earnings Distribution Proposal. | The number of votes in favor accounted for 97.73% of the total voting rights of shareholders present, and this proposal was voted and passed as the original proposal. | Set August 5, 2024 as the ex-dividend base date and August 23, 2024 as the release date. (A cash dividend of 4.5 per share is distributed.) |
| | 3. Discussion on the Proposed Amendments to Certain Provisions of Jarllytec's Articles of Incorporation. | The number of votes in favor accounted for 97.73% of the total voting rights of shareholders present, and this proposal was voted and passed as the original proposal. | The matter was approved and registered by the Ministry of Economic Affairs on August 14, 2024. |
| | 4. Discussion on the Proposed Issuance of Jarllytec's 2024 Restricted Employee Stock Awards | The number of votes in favor accounted for 97.70% of the total voting rights of shareholders present, and this proposal was voted and passed as the original proposal. | The issuance of Jarllytec's restricted employee stock awards was approved and declared effective by the Financial Supervisory Commission on October 8, 2024. As of April 30, 2025, the awards have not yet been issued. |

| Date | Meeting Note | Result | Implementation |
|------|---|---|--|
| | 5. Comprehensive re-election of the Company's directors proposal | Result of election Director:Dellson Investment Co., Ltd. Representative Chang, Tai Yuan Director:Young Win Assets Management CO., Ltd. Director:Sunrise Investment Co., Ltd. Independent director:Wu, Sou Shan Independent director:Yang, Shang Hsien Independent director:Lee, Chien Ming Independent director:Lee, Hsing Chin | The matter was approved and registered by the Ministry of Economic Affairs on August 14, 2024. |
| | 6. Lifting restrictions of non-compete prohibition of new-elected directors | The number of votes in favor accounted for 98.41% of the total voting rights of shareholders present, and this proposal was voted and passed as the original proposal. | Implemented in accordance with the resolution of this case. |

(2)Board of Directors

| Date | Proposal content and follow-up | SEC § 14-3 | Resolutions |
|------------|---|------------|-------------|
| 01/24/2024 | 1. Issuance of 2023 Year-End Bonuses for Jarllytec Managers | | None |
| | 2. 2023 Performance Evaluation of Jarllytec's Board of Directors | | None |
| | 3. Review of Promotions and Salary Adjustments for Jarllytec Managers | | None |
| | 4.Evaluation of the Independence of Jarllytec's Certified Public Accountant | V | None |
| | 5. Proposed Revision to the General Principles of Jarllytec's Pre-Approval Policy for Non-Assurance Services | V | None |
| | 6. Jarllytec's Consolidated Budget for 2024 | V | None |
| | 7. Proposed Establishment of the Record Date for Capital Increase Due to the Conversion of Jarllytec's First Domestic Unsecured Convertible Corporate Bonds Issued in Q4 2023 | V | None |
| | 8. Loan of USD 4 Million to Jarllytec (Vietnam) Co., Ltd., a 100% Wholly-Owned Subsidiary | V | None |
| | 9.Additional Loan of RMB 30 Million from Jarllytec Electronic Technology (Shanghai) Co., Ltd., a 100% Wholly-Owned Subsidiary, to Zhaowang Technology (Shanghai) Co., Ltd. | V | None |
| | 10. Ratification of Jarllytec's Early Payment of Goods to Zhaoshun Precision Technology Co., Ltd. | | None |
| | 11. Proposed Change to the Investment Structure of Zhejiang Zhaowang Precision Technology Co., Ltd., a Reinvested Entity | | None |
| | 12. Proposed Amendments to Certain Provisions of Jarllytec's Articles of Incorporation | | None |

| Date | Proposal content and follow-up | SEC § 14-3 | Resolutions |
|------------|--|------------|-------------|
| | 13. Proposed Change to the Term of Jarllytec's Financing Line Application with Taiwan Business Bank | | None |
| | 14. Change of Jarllytec's Corporate Governance Officer | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 03/08/2024 | 1. Discussion on the Allocation of 2023 Directors' and Employees' Remuneration | | None |
| | 2. Approval of Jarllytec's 2023 Individual and Consolidated Financial Statements | V | None |
| | 3. Approval of Jarllytec's 2023 Internal Control System Statement | V | None |
| | 4. Acknowledgment of Jarllytec's 2023 Business Report | V | None |
| | 5. Proposed Capital Increase of USD 5 Million through a Third-Party Company to Zhaowang Technology (Shanghai) Co., Ltd., a 100% Wholly-Owned Subsidiary, with Further Reinvestment into Zhejiang Zhaowang Precision Technology Co., Ltd. | V | None |
| | 6. Proposed Amendments to Certain Provisions of Jarllytec's Articles of Incorporation | | None |
| | 7. Comprehensive Re-election of Jarllytec's Board of Directors | | None |
| | 8. Proposal to Convene Jarllytec's 2024 Annual General Shareholders' Meeting | | None |
| | 9. Application for Bank Financing Line by Zhaowang Technology (Shanghai) Co., Ltd., a 100% Wholly-Owned Subsidiary | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 05/06/2024 | 1. The company's consolidated financial statements for the first quarter of 2024. | V | None |
| | 2. Discuss the company's 2023 earnings distribution plan. | V | None |
| | 3. Change of financial officer of the company. | V | None |
| | 4. Royal Jarlly Holding Ltd. which is 100% reinvested by the company, plans to increase the capital of Jarllytec (Thailand) Co., Ltd. by 180 million baht (or the equivalent in foreign currency). | V | None |
| | 5. The company plans to issue new shares that restrict employee rights. | V | None |
| | 6. Nomination and review of independent directors and director candidates by the board of directors | | None |
| | 7. Updated the company's "Operational Standards Related to Financial Business Between Related Parties". | | None |
| | 8. It is planned to add new reasons for convening the regular shareholders' meeting in 2024. | | None |
| | 9. The company applies for renewal of bank financing line | | None |
| | 10. Jarlly Technology(Shanghai) Co., Ltd. a company 100% invested in, applied for the renewal of the bank financing line. | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 06/18/2024 | 1. The Company's Board of Directors elected the Chairman and Vice Chairman | | None |
| | 2. To re-appoint members of our company's Compensation Committee whose terms have expired. | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |

| Date | Proposal content and follow-up | SEC § 14-3 | Resolutions |
|------------|---|------------|-------------|
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 08/09/2024 | 1. Discussion on the Cash Distribution of 2023 Employee Remuneration for Jarllytec Managers | | None |
| | 2. Review of the Annual Salary Adjustment for Jarllytec Managers | | None |
| | 3. Approval of Jarllytec's Consolidated Financial Statements for the Second Quarter of 2024 | V | None |
| | 4. Approval of Jarllytec's 2023 Sustainability Report | | None |
| | 5. Proposed Amendments to Certain Provisions of Jarllytec's "Rules of Procedure for Board of Directors Meetings," "Audit Committee Charter," and "Board Performance Evaluation" | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 11/12/2024 | 1. The company's consolidated financial statements for the third quarter of 2024. | V | None |
| | 2. It is planned to adopt the company's 2025 audit plan. | V | None |
| | 3. Establish our company's "Procedures for the Management of Sustainability Information." | V | None |
| | 4. Royal Jarlly Holding Ltd. which is 100% reinvested by the company, plans to increase the capital of Jarlly Technology (Shanghai) Co., Ltd. by US\$4.5 million. | V | None |
| | 5. Factory construction project for Jarllytec (Thailand) Co., Ltd., a wholly-owned subsidiary of the company. | V | None |
| | 6. The company plans to increase the capital of Jarllytec (Thailand) Co., Ltd. by 200 million baht (or the equivalent in foreign currency). | V | None |
| | 7. Amendments the company's 2024 restricted stock award regulations for employees. | V | None |
| | 8. Jarlly Technology(Shanghai) Co., Ltd. a 100% reinvestment of the company, provided a new capital loan of RMB 20 million to Zhejiang Jarlly Precision Technology Co., Ltd. | V | None |
| | 9. Jarlly Technology(Chongqing) Co., Ltd. a 100% reinvestment of the company, provided a new capital loan of RMB 20 million to Zhejiang Jarlly Precision Technology Co., Ltd. | V | None |
| | 10 The company plans to handle the issuance of the third domestic unsecured conversion corporate bonds. | V | None |
| | 11. The company's bank financing line renewal case. | | None |
| | 12. The company applied for a bank financing line in Jarlly Technology(Shanghai) Co., Ltd. which is 100% reinvested. | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 01/24/2025 | 1. Issuance of 2024 Year-End Bonuses for Jarllytec Managers | | None |
| | 2. 2024 Performance Evaluation of Jarllytec's Board of Directors | | None |
| | 3. Change of Jarllytec's Financial Statement Audit and Certification to Accountants Hung Shih-kang and Chen Pei-chi Starting from the First Quarter of 2025 | V | None |
| | 4. Evaluation of the Independence of Jarllytec's Certified Public Accountants | V | None |
| | 5. Proposed Revision to the General Principles of Jarllytec's Pre-Approval Policy for Non-Assurance Services | V | None |
| | 6. Jarllytec's Consolidated Budget for 2025 | V | None |
| | 7. Application for Bank Financing Line by Kunshan Jarllytec Electronics Co., Ltd., a 100% Wholly-Owned Subsidiary | | None |

| Date | Proposal content and follow-up | SEC § 14-3 | Resolutions |
|------------|---|------------|-------------|
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 03/08/2025 | 1. Discussion on the Allocation of 2024 Directors' and Employees' Remuneration | | None |
| | 2. Definition and Scope of Jarllytec's Grassroots Employees | | None |
| | 3. Approval of Jarllytec's 2024 Individual and Consolidated Financial Statements | V | None |
| | 4. Approval of Jarllytec's 2024 Internal Control System Statement | V | None |
| | 5. Revision to Jarllytec's Internal Control System: "Payroll Cycle - Payroll Operations" | V | None |
| | 6. Acknowledgment of Jarllytec's 2024 Business Report | V | None |
| | 7. Proposal to Convene Jarllytec's 2025 Annual General Shareholders' Meeting | | None |
| | 8. Renewal of Bank Financing Line Application by Zhaowang Technology (Shanghai) Co., Ltd., a 100% Wholly-Owned Subsidiary | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| 05/09/2025 | 1. Approval of Jarllytec's Consolidated Financial Statements for the First Quarter of 2025 | V | None |
| | 2. Discussion on the Allocation of Jarllytec's 2024 Earnings | V | None |
| | 3. Discussion on the Issuance of New Shares for Capital Increase from Jarllytec's 2024 Earnings | V | None |
| | 4. Proposal to Add Agenda Items for the Convening of Jarllytec's 2025 Annual General Shareholders' Meeting | | None |
| | 5. Proposed Amendments to Certain Provisions of Jarllytec's Articles of Incorporation. | | None |
| | 6. Jarllytec's Bank Financing Line Application | | None |
| | Opinion of independent directors: None | | |
| | Company's handling of the opinions of independent directors: None | | |
| | Resolutions: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman. | | |
| | | | |

In the most recent year and as of the publication date of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors, and there is a record or written statement, the main content: N/A

2.4 Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousand

| Accounting Firm | Name of CPA | Accountant audit period | Audit fee (Note 1) | Non-audit fee | Total | Remarks |
|-----------------|------------------------------------|-------------------------|--------------------|---------------|-------|--|
| KPMG | Hsu, Ming Fang Chuang, Chun Wei | 01/01/2024~12/31/2024 | 2,300 | 1,738 | 4,038 | The project expenses of non-audit fee belong to profit-seeking enterprise income tax settlement declaration and verification visa, transfer pricing report, group master file report, employee salary checklist review |

Note 1: Audit fees refer to the public fees paid by the company to the Certified Public Accountant for financial report verification, review, review and financial forecast review.

- (1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A
- (2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A

2.5 Accountant Replacement Information:

(1) Information Relating to the Former CPA

| | | | |
|---|--|-----|------------------------------------|
| Date of the Change | 12/27/2024 | | |
| Reason for the Replacement and Explanation | Accounting firm internal restructuring | | |
| Explain Whether the Appointor Terminates or CPA Refuse to Accept Appointment | Contracting Parties | | CPA |
| | Condition | | Appointor |
| | Appointment Terminated Automatically | | N/A |
| | appointment rejected (Discontinued) | | N/A |
| Suggestions and Reasons for Issuing Audit Reports other than Unqualified Opinions in the Recent Two Years | N/A | | |
| Different Opinions With the Issuer | Yes | | Accounting Principles or Practices |
| | | | Financial Report Disclosure |
| | | | Audit Scope or Process |
| | | | Others |
| | No | N/A | |
| | Descriptions: Accounting firm internal restructuring | | |
| Other Disclosures (Disclosures Specified in Article 10.6.1.4~7 of the Standard) | N/A | | |

(2) Information Relating to the Succeeding CPA

| | |
|------------------|------|
| Name of CPA Firm | KPMG |
|------------------|------|

| | |
|--|---------------------------|
| Name of CPA | Kenneth Horng 、Peggy Chen |
| Date of Reappointment | 01/17/2025 |
| Prior to Appointment, Accounting Treatments or Accounting Principles for Specific Transactions, and Possible Advisory Issues and Results for Financial Reports | N/A |
| The Written Opinion of the Different Opinions Between the Succeeding CPA and the Preceding CPA | N/A |

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: ； N/A

2.6 Chairman, GM, and manager responsible for financial or accounting affairs of the company, who have work in the firm of the certified public accountant or its affiliated company:None

2.7 Changes in Shareholding of Directors, Supervisors, and Managers whose Share Ratio Exceeds 10% during the most recent year until the publication of this annual report

2.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Please refer to the Market Observation Post System (MOPS) at <https://mops.twse.com.tw>] > Single Company > Equity Changes / Securities Issuance > Equity Transfer Data Query > Insider Shareholding Change Post-event Declaration Form, then enter the year-month and company code 3548 to search.

2.7.2 Information that the directors, supervisors, managers, and shareholders who hold more than 10% of the shares are related parties involved in the transfer of equity: None

2.7.3 Information that directors, supervisors, managers, and the counterparties of shareholders who hold more than 10% of the shares pledged are related persons: None

2.8 Relationship of the Top 10 Shareholders

April 21, 2025; Unit: Shares

| Name (Note 1) | Holding shares | | Spouse | | Total Holding Shares | | Relationships (Note 3) | | Note |
|--|-----------------------|-------------------|-----------------------|-------------------|-------------------------|-------------------|---------------------------|----------|------|
| | Shares | Ratio (Note 2) | Shares | Ratio (Note 2) | Shares | Ratio (Note 2) | Name | Relation | |
| Sunrise Investment Co., Ltd. | 6,100,000 | 9.23% | 0 | 0% | 0 | 0% | None | None | None |
| Sunrise Investment Co., Ltd. Representatives: Liu, Kuang Hua | 1,316,000 (Note 4) | 1.99% | 906,000 (Note 5) | 1.37% | 1,550,000 | 2.35% | Wu, Yi Chuan | None | None |
| Dellson Investment Co., Ltd. | 3,864,000 | 5.85% | 0 | 0% | 0 | 0% | None | None | None |
| Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan | 711,325 | 1.08% | 470,467 | 0.71% | 3,864,000 | 5.85% | None | None | None |
| Chung, Hsien tsang | 1,610,000 | 2.44% | 0 | 0% | 0 | 0% | None | None | None |
| Young Win Assets Management CO., Ltd. | 1,550,000 | 2.35% | 0 | 0% | 0 | 0% | None | None | None |
| Young Win Assets Management CO., Ltd. Representatives: Wu, Yi Chuan | 906,000 (Note 5) | 1.37% | 1,316,000 (Note 4) | 1.99% | 0 | 0% | Liu, Kuang Hua | None | None |
| Tai shin International Commercial Bank is entrusted with Liu, Kuang Hua Trust Property Account | 1,100,000 | 1.66% | 0 | 0% | 0 | 0% | None | None | None |
| Yong Lixing Investment Co., Ltd. | 1,100,000 | 1.66% | 0 | 0% | 0 | 0% | None | None | None |
| Yong Lixing Investment Co., Ltd. Representative: Peng, Yi ling | 187,116 | 0.28% | 192,300 | 0.29% | 1,100,000 | 1.66% | None | None | None |
| Nomura High-Tech Fund Special Account | 1,049,000 | 1.59% | 0 | 0% | 0 | 0% | None | None | None |
| Old Pension Fund | 797,000 | 1.21% | 0 | 0% | 0 | 0% | None | None | None |
| Nomura e-Technology Fund Special Account | 771,000 | 1.17% | 0 | 0% | 0 | 0% | None | None | None |
| Chang, Tai Yuan | 711,325 | 1.08% | 470,467 | 0.71% | 3,864,000 | 5.85% | None | None | None |

Note 1: The names of shareholders are listed separately (for legal person shareholders, the names of legal person shareholders and their representatives are listed separately).

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, minor children or in the name of others.

Note 3: The shareholders listed above include legal persons and natural persons and the relationship between them is disclosed in accordance with the issuer's financial reporting standards.

Note 4: Among them, the special account of trust property holds 1,100,000 shares.

Note 5: Among them, 700,000 shares are held by the special account of trust property.

2.9 The influence of the Company's operational performance, earnings per share and shareholders' return on investment caused by the bonus shares

December 31, 2024; Unit: thousand shares

| Title (Note 1) | Holding | | Investment of Directors, Supervisors | | Comprehensive Investment | |
|--|---------|-------|---|-------|--------------------------|-------|
| | Shares | Ratio | Shares | Ratio | Shares | Ratio |
| Great Hinge Trading Ltd. | 20 | 100% | - | - | 20 | 100% |
| Smart Hinge Holdings Ltd. | 33,434 | 100% | - | - | 33,434 | 100% |
| Jarwin Investment Co., Ltd. | 8,000 | 100% | - | - | 8,000 | 100% |
| Jarlllytec (Singapore) Pte. Ltd. (Note 2) | - | 100% | - | - | - | 100% |
| Jarlllytec (Vietnam) Co., Ltd. (Note 2) | - | 100% | - | - | - | 100% |
| Royal Jarlly Holding Ltd. | 33,434 | 100% | - | - | 33,434 | 100% |
| Shanghai Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Fu-Qing Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Dong Guan Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Kunshan Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Jarlly Electronic Shanghai (Note 2) | - | 100% | - | - | - | 100% |
| Xiamen Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Chongqing Jarlly (Note 2) | - | 100% | - | - | - | 100% |
| Jarlllytec (Thailand) Co., Ltd. | 2,000 | 100% | - | - | 2,000 | 100% |
| ZheJiang Jarlly Precision Technology Co., Ltd. | - | 100% | - | - | - | 100% |

Note 1: It is an investment made by the Company using the equity method.

Note 2: Jarlllytec USA was liquidated in 2022.

Note 3: Fu-Qing Jarlly, Shanghai Jarlly, Dong Guan Jarlly, Kunshan Jarlly, Jarlly Electronic Shanghai, Xiamen Jarlly, Chongqing Jarlly, Jarlllytec (Singapore) Pte. Ltd., Jarlllytec (Vietnam) Co., Ltd. and ZheJiang Jarlly Precision Technology Co., Ltd. are all limited companies, therefore No shares issued.

3. Capital Overview

3.1 Capital and Shares

3.1.1 Source of Capital

April 21, 2025

| Type of stock | Authorized Capital | | | Remark |
|---------------|--------------------|-------------------|--------------------|-----------|
| | Outstanding Shares | Unissued Shares | Total | |
| Common Stock | 66,091,364 shares | 53,908,636 shares | 120,000,000 shares | OTC stock |

(1) The formation of share capital

Unit: NT\$ thousand; thousand shares

| Date | Price | Authorized capital | | Paid-in capital | | Remark | | |
|----------------|----------|--------------------|-----------|-----------------|---------|--|---|------------------|
| | | Shares | Amount | Shares | Amount | Source of capital | Capital paid in by assets other than cash | Other |
| July 2004 | 10 | 100 | 1,000 | 100 | 1,000 | Established NT1,000 | none | Note 1 |
| December 2004 | 15 | 12,000 | 120,000 | 12,000 | 120,000 | Cash capital increase of RMB 119,000 | none | Note 2 |
| November 2005 | 20 | 25,000 | 250,000 | 25,000 | 250,000 | Cash capital increase of RMB 130,000 | none | Note 3 |
| August 2006 | 10 70 | 35,000 | 350,000 | 33,800 | 338,000 | Capital increase of RMB 28,000 from surplus Cash capital increase of RMB 60,000 | none | Note 4 Note 5 |
| August 2007 | 10 | 60,000 | 600,000 | 40,960 | 409,600 | Capital increase of RMB 71,600 from surplus | none | Note 6 |
| March 2008 | 65 | 60,000 | 600,000 | 45,970 | 459,700 | Cash capital increase of RMB 50,100 | none | Note 7 |
| September 2008 | 10 | 60,000 | 600,000 | 48,768 | 487,685 | Capital increase of RMB 27,985 from surplus | none | Note 8 |
| February 2009 | 10 | 60,000 | 600,000 | 48,291 | 482,905 | Cancellation of treasury shares with a share capital of RMB 4,780 | none | Note 9 |
| March 2009 | 10 | 60,000 | 600,000 | 48,527 | 485,266 | \$2,361 for the replacement of new shares by employee stock option certificates | none | Note 10 |
| August 2009 | 10 | 60,000 | 600,000 | 49,982 | 499,824 | Capital increase of RMB 14,558 from surplus | none | Note 11 |
| October 2009 | 10 | 60,000 | 600,000 | 50,059 | 500,590 | Employee stock option certificates were exchanged for new shares of \$766 | none | Note 12 |
| April 2010 | 10 | 60,000 | 600,000 | 50,312 | 503,119 | \$2,529 for the replacement of new shares by employee stock option certificates | none | Note 13 |
| July 2010 | 10 | 60,000 | 600,000 | 50,353 | 503,528 | Employee stock option certificates are exchanged for new shares of \$409 | none | Note 14 |
| October 2010 | 10 | 60,000 | 600,000 | 50,373 | 503,726 | Employee stock option certificates are exchanged for new shares of \$198 | none | Note 15 |
| January 2021 | 10 | 60,000 | 600,000 | 50,547 | 505,472 | Employee stock option certificates were exchanged for new shares of RMB 1,746 | none | Note 16 |
| April 2021 | 10 | 60,000 | 600,000 | 50,551 | 505,514 | \$42 for the replacement of new shares by employee stock option certificates | none | Note 17 |
| October 2016 | 60 | 70,000 | 700,000 | 60,551 | 605,514 | Cash capital increase of \$100 | none | Note 18 |
| October 2018 | 10 | 70,000 | 700,000 | 60,121 | 601,214 | Cancellation of treasury shares with a share capital of RMB 4,300 | none | Note 19 |
| September 2023 | 10 | 120,000 | 1,200,000 | 60,123 | 601,228 | \$14 for the replacement of new shares by Convertible corporate bonds | | Note 20 |
| December 2023 | 10 | 120,000 | 1,200,000 | 64,815 | 618,153 | \$46,925 for the replacement of new shares by Convertible corporate bonds | | Note 21 |

| Date | Price | Authorized capital | | Paid-in capital | | Remark | | |
|---------------|-------|--------------------|-----------|-----------------|---------|---|---|---------|
| | | Shares | Amount | Shares | Amount | Source of capital | Capital paid in by assets other than cash | Other |
| February 2024 | 10 | 120,000 | 1,200,000 | 66,091 | 660,914 | \$12,761 for the replacement of new shares by Convertible corporate bonds | | Note 22 |

Note 1: The establishment registration was approved by the letter of Shuzhong Zi No. 09332366390 on July 07, 2004

Note 2: The change registration was approved by the letter of Shuzhong Zi No. 09431567730 on January 18, 2005

Note 3: The change registration was approved by the letter of Shuzhong Zi No. 09433238720 on November 28, 2005

Note 4: The change registration was approved by the letter of Shuzhong Zi No. 09532692440 on 2006.08.17

Note 5: The change registration was approved by the letter of Shuzhong Zi No. 09532800370 on 2006.09.06

Note 6: The change registration was approved by the letter of Shuzhong Zi No. 09632685250 on August 29, 2007

Note 7: The change registration was approved by the letter of Shuzhong Zi No. 09732059320 on April 14, 2008

Note 8: The change registration was approved by the letter of Shuzhong Zi No. 09733188570 on 2008.10.02

Note 9: The change registration was approved by the letter of Shuzhong Zi No. 09831746290 on February 20, 2009

Note 10: The change registration was approved by the letter of Shuzhong Zi No. 09832095670 on April 20, 2009

Note 11: The change registration was approved by the letter of 2009.8.26 by Shuzhong Zi No. 09832920600

Note 12: The change registration was approved by the letter of Shuzhong Zi No. 09801247630 issued on October 29, 2009

Note 13: The change registration was approved by the letter of 2010.4.20 by Shuzhong Zi No. 09901076760

Note 14: The change registration was approved by the letter of Shuzhong Zi No. 09901160480 on July 19, 2010

Note 15: The change registration was approved by the letter of Shuzhong Zi No. 09901236520 on 2010.10.21

Note 16: The change registration was approved by the letter of Shuzhong Zi No. 10001012680 on January 19, 2021

Note 17: The change registration was approved by the letter of Shuzhong Zi No. 10001075820 on April 18, 2021

Note 18: The change registration was approved by the letter of Shuzhong Zi No. 10501257490 on 2016.11.03

Note 19: The change registration was approved by the letter of Shuzhong Zi No. 10701133080 on October 31, 2018

Note 20: The change registration was approved by the letter of Shuzhong Zi No. 11230168170 on September 6, 2023

Note 21: The change registration was approved by the letter of Shuzhong Zi No. 11230227110 on December 11, 2023

Note 22: The change registration was approved by the letter of Shuzhong Zi No. 11330026600 on February 27, 2024

(2) General information about the reporting system: None.

3.1.2 List of major shareholders (revealing the names of the top ten shareholders, amount and proportion of shares held)

April 21, 2025; Unit: Shares

| Name (Note 1) | Holding shares | Percentage |
|--|----------------|------------|
| Sunrise Investment Co., Ltd. | 6,100,000 | 9.23% |
| Dellson Investment Co., Ltd. | 3,864,000 | 5.85% |
| Hsien tsang, Chung | 1,610,000 | 2.44% |
| Young Win Assets Management CO., Ltd. | 1,550,000 | 2.35% |
| Tai shin International Commercial Bank is entrusted with Liu, Kuang Hua Trust Property Account | 1,100,000 | 1.66% |
| Yong Lixing Investment Co., Ltd. | 1,100,000 | 1.66% |
| Nomura High-Tech Fund Special Account | 1,049,000 | 1.59% |
| Labor Pension Fund under the Old System | 797,000 | 1.21% |
| Nomura e-Technology Fund Special Account | 771,000 | 1.17% |
| Chang, Tai Yuan | 711,325 | 1.08% |

3.1.3 Company Dividend Policy and Implementation Status

(1) Company Dividend Policy

According to the provisions of Article 22-1 of Chapter VI of the Articles of Association:

If the Company had earnings at the end of the fiscal year, the Company shall first pay its tax, offset its losses in previous years and set aside a legal capital reserve at 10% of the earning left over, until the accumulated legal capital reserve has equaled the total capital of the Company. As the Company operation needs and provision of regulation shall set aside a special capital reserve, if there is surplus and unallocated surplus at the same period, it shall be allocated from 0% to 90% for shareholder dividends, by the board of directors to prepare a surplus distribution proposal submitted to the resolution of the shareholders' meeting.

When the Company sets aside special reserve according to the law, the insufficiency shall be allocated from the cumulative amount of net increase of investment properties at fair value in the preceding periods and the cumulative amount of net decrease in other equities in the preceding periods. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

In accordance with the provisions of Paragraph 5 of Article 240 of the Company Act, the company authorizes the board of directors to distribute dividends and bonuses with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present. All or part of the statutory surplus reserve and capital reserve prescribed in Paragraph 1 of Article 1 shall be distributed in cash and reported to the shareholders' meeting.

The future dividend policy of the Company will be expanded with the Company's business development, taking into account the future capital expenditure budget and capital requirement of the Company, the interests of shareholders, balancing dividends and long-term financial planning of the Company, such as cash dividends or stock dividends, only the cash dividend issued each year shall not be less than 10% of the total dividend distributed in the current year.

(2) Circumstances of the proposed dividend distribution at the shareholders' meeting

The company's 2023 earnings distribution plan was approved by the board of directors on May 6, 2024, and submitted to the shareholders' meeting for resolution. The proposed distribution of dividends was as follows

Unit: NT\$

| Item | Amount | |
|--|---------------|---------------|
| | Subtotal | Sum |
| Beginning of period undistributed earnings | | 2,082,559,383 |
| Add : 2024 Net profit after tax | 576,762,292 | |
| Changes in ownership interests in | | |
| Add : subsidiaries | 8,363,844 | |
| 2024 Measure on defined benefit | | |
| Minus : plans | (941,000) | |
| Minus : Designated legal reserve | (58,418,514) | |
| Minus : Reversal of special reserve | 101,310,056 | |
| Distributable earnings | | 2,709,636,061 |
| Distributed items : | | |
| Stock dividend to | | |
| shareholders(per share NT\$ 0.25) | (16,522,970) | |
| Cash dividend to shareholders (per | | |
| share NT\$ 2) | (132,183,756) | |
| Accumulated undistributed earnings | | 2,560,929,335 |

3.1.4 The impact of the proposed free allotment of shares at the shareholders' meeting on the company's operating performance and earnings per share

| Year | | 2024 (Estimation) |
|--|---|--|
| Item | | |
| Initial paid-up capital | | 660,913,640 |
| Stock and cash dividends this year | Cash dividends per share (dollars) | 2.0(Note 1) |
| | Stock dividends per share form capital increase from retained earnings | 0.025(Note 1) |
| | Stock dividends per share form capital increase from capital surplus | - |
| The change situation of business result | Operating income | Not applicable (Note 2) |
| | Year on year increase(decrease)ratio of operating income (percent) | |
| | Profits after tax | |
| | Year on year increase(decrease)ratio of profits after tax(percent) | |
| | Earnings per share (dollars) | |
| | Year on year increase(decrease)ratio of earnings per share(percent) | |
| | The change situation of business result Average annual ratio of return on investment (percent) | |
| Pro forma earnings per share and P/E ratio | If the Company changed the capital increase form retained earnings to cash dividends distribution | Pro forma earnings per share(dollars) |
| | | Pro forma average annual ratio of return on investment (percent) |
| | If there is no capital increase from capital surplus | Pro forma earnings per share(dollars) |

| Item | | Year | 2024 (Estimation) |
|------|--|--|----------------------|
| | | Pro forma average annual ratio of return on investment (percent) | |
| | If there is no capital increase from capital surplus and retained earnings, the Company distributes cash dividends | Pro forma earnings per share(dollars) | |
| | | Pro forma average annual ratio of return on investment (percent) | |

Note 1 : The Company decided to distribute cash dividends of 2.0 per share (dollars), and stock dividends of 0.25 per share (dollars) by the Board of Directors on May 9,2025, but the final distribution will decide by 2025 Annual meeting of shareholders.

Note 2 : The Company doesn' t disclose complete financial forecast and therefore doesn' t need to disclose the 2024 forecast information.

3.1.5 Remuneration of employees, directors and supervisors

- (1) The percentage and scope of remuneration for employees, directors and supervisors as stated in the company's articles of association

According to Article 22 of Chapter VI of the Articles of Association of the Company:

"If the company has a profit in the year, it should allocate no less than 2% as employee compensation and no more than 2% as director compensation. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it.

- (2) The Basis for estimating the amount of remuneration of employees, supervisors, and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

For the years ended December 31, 2024, t The estimated amounts of employee remuneration and director remuneration of the company in 2024 are 52,213 thousand yuan and 13,053 thousand yuan respectively. These amounts were calculated by using the Company's pre tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements are identical to those of the actual distributions for 2024. If there is a change after the release of the financial report in the next year, it will be treated as a change in accounting estimate, and the impact of the change will be recognized as profit or loss for the next year

- (3) Remuneration distribution approved by the board of directors

- A. Employee remuneration and director and supervisor remuneration amount distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons and handling shall be disclosed

March 17, 2025, the board of directors resolved to approve the amount of employee remuneration and directors' remuneration to be distributed:

Unit: NT \$

| Proposed Allotment Amount | |
|------------------------------|------------|
| Employee Compensation (Cash) | 52,212,614 |
| Director's Compensation | 13,053,153 |

Discrepancy with the estimated amount in the year in which the expense is recognized, the number of discrepancies, reasons and handling shall be disclosed: No discrepancy.

- B. The amount of employee compensation distributed in stock and its proportion to the net profit after tax and total employee compensation in the current period's individual or individual financial report

There is no amount of employee remuneration proposed to be distributed in stock by the board of directors, so it is not applicable.

- (4) The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the remuneration of employees, directors and supervisors recognized, and the difference and reasons shall be stated and handling

| Item | 2023 | Difference |
|---------------------------|------------|------------|
| Employee cash bonus | 47,162,096 | None |
| Employee Stock Bonus | 0 | None |
| Director's Remuneration*1 | 11,790,524 | None |

Note: On June 21, 2017, the company established an audit committee to replace the supervisory authority.

3.1.6 The company bought back the company's shares: None

3.2 Issuance of Corporate Bonds

| Type of corporate bonds | 2nd domestic unsecured convertible corporate bonds | 3rd domestic unsecured convertible corporate bonds |
|----------------------------|--|--|
| Issue (transaction) date | 01/08/2024 | 02/25/2025 |
| Face value | NT\$100,000 | NT\$100,000 |
| Place of issue and trading | Taiwan | Taiwan |
| Issue price | Issued at 113.20% of par value | Issued at 110.05% of par value |
| Issue amount | NT\$905,604,010 | NT\$1,650,797,400 |
| Coupon rate | The coupon rate is 0% | The coupon rate is 0% |
| Term | 3 Years Expiration Date: 2027/1/8 | 5 Years Expiration Date: 2030/02/25 |
| Guarantor | N/A | N/A |
| Trustee | Bank Sinpac Co., Ltd. | KGI Bank Co., Ltd. |

| Type of corporate bonds | | 2nd domestic unsecured convertible corporate bonds | 3rd domestic unsecured convertible corporate bonds |
|--|--|---|--|
| Underwriter | | SinoPac Securities Co., Ltd. | KGI Securities Co., Ltd |
| Attesting lawyer | | Attorney Yawen Qiu, Far East Law Offices | Attorney Yawen Qiu, Far East Law Offices |
| Attesting CPA | | None | None |
| Redemption method | | Unless the bondholders are converted into ordinary shares of the Company in accordance with Article 10 of the Issuance and Conversion Regulations, or the Company may redeem them in advance in accordance with Article 18 of the Issuance and Conversion Regulations, or the Company may buy back and cancel them from the business office of a securities firm, When the convertible corporate bonds mature, the company will repay in cash in one lump sum according to the bond face value. Payments will be made within 5 business days (including the fifth business day) after the due date. | Unless the bondholders are converted into ordinary shares of the Company in accordance with Article 10 of the Issuance and Conversion Regulations, or the Company may redeem them in advance in accordance with Article 18 of the Issuance and Conversion Regulations, or the Company may buy back and cancel them from the business office of a securities firm, When the convertible corporate bonds mature, the company will repay in cash in one lump sum according to the bond face value. Payments will be made within 10 business days (including the tenth business day) after the due date. |
| Unredeemed balance | | NT\$799,900,000 | NT\$1,500,000,000 |
| Conditions for redemption or early redemption | | Refer to Issuance and Conversion Methods | Refer to Issuance and Conversion Methods |
| Restrictive covenants | | None | None |
| Name of rating agency, date and result of rating | | N/A | N/A |
| Other rights | The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date | 514 shares | None |
| | The issuance and conversion, exchange, or subscription rules | Refer to Issuance and Conversion Methods | Refer to Issuance and Conversion Methods |
| The possible dilution of shareholding and influence on shareholder equity caused by the issuance and | | The company issued the 2nd domestic convertible corporate bonds of \$800,000,000. As of April 30, 2025, the outstanding balance was | The company issued the 2nd domestic convertible corporate bonds of \$1,500,000,000. As of April 30, 2025, the outstanding balance was |

| Type of corporate bonds | 2nd domestic unsecured convertible corporate bonds | 3rd domestic unsecured convertible corporate bonds |
|--|--|--|
| conversion, exchange, or subscription rules and the terms of issuance. | \$799,900,000 and the latest conversion price was \$194.20. It is assumed that the convertible corporate bond creditors will all convert the conversion price to \$199 in the future. In the case of ordinary shares, it will be convertible into 4,119,000 ordinary shares of the company. The maximum dilution to the original shareholder's shareholding ratio is 5.87%. Interests are not yet materially affected. | \$1,500,000,000 and the latest conversion price was \$170. It is assumed that the convertible corporate bond creditors will all convert the conversion price to \$199 in the future. In the case of ordinary shares, it will be convertible into 8,824,000 ordinary shares of the company. The maximum dilution to the original shareholder's shareholding ratio is 11.78%. Interests are not yet materially affected. |
| Name of the custodian institution of the exchangeable underlyings | N/A | N/A |

Information of convert corporate bonds

| Types of corporate bonds | | The conversion of corporate bonds | | Convertible Bond |
|--|---------|--|---------------------|--|
| Year | | 2024 | As of April 30,2025 | As of April 30,2025 |
| Market price of convertible corporate bonds | Maximum | 155.00 | 117.00 | 119.50 |
| | Minimum | 105.15 | 97.60 | 99.65 |
| | Average | 122.47 | 109.03 | 112.58 |
| Conversion price | | NT\$194.2 per share | NT\$194.2 per share | NT\$ 170 per share |
| Issuance (transaction) date and conversion price at issuance | | Issued on 2024/1/28 NT\$199 per share | | Issued on 2024/02/25 NT\$170 per share |
| Method for performance of conversion obligations | | Perform conversion obligations by issuing new shares | | Perform conversion obligations by issuing new shares |

3.3 Issuance of Preferred stock: None

3.4 Issuance of Overseas Depository Receipts: None

3.5 Issuance of Employee Stock Options:

At the Annual General Meeting of Shareholders held on June 18, 2024, the issuance of 500,000 new restricted shares for employees was approved. This issuance was approved by the Financial Supervisory Commission on October 8, 2024, and declared effective. As of April 30, 2025, the shares have not yet been issued.

3.6 Issuance of Employee Restricted Stock: None

3.7 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of other companies : None

3.8 Implementation of Capital Utilization Plan :

On January 8, 2024, the Company issued its second domestic unsecured convertible bonds, totaling 8,000 units with a face value of NT\$100,000 each. The bonds were publicly

underwritten through a competitive bidding auction. The issuance period is three years, with a zero coupon rate, and issued at 113.20% of the face value. The actual total amount raised was NT\$905,604,000.

On February 25, 2025, the Company issued its third domestic unsecured convertible bonds, totaling 15,000 units with a face value of NT\$100,000 each. The bonds were publicly underwritten through a competitive bidding auction. The issuance period is five years, with a zero coupon rate, and issued at 110.05% of the face value. The actual total amount raised was NT\$1,650,797,000.

For details regarding the above plans and their execution, please refer to the Market Observation Post System (MOPS) at <https://mops.twse.com.tw> > Single Company > Shareholding Changes/Securities Issuance > Fundraising > Fundraising Plan Execution Zone, and enter the company code 3548 for inquiry.

4. Operational Highlights

4.1 Business Activities

Business Scope

- (1) The company's main business activities include the research and development, design, production, assembly, testing, and sales of stamped parts, hinge components, and metal injection molding (MIM) products.
- (2) Proportion of business

Unit: NT\$ thousand

| Product | 2023 | | 2024 | |
|-------------------------|-----------|--------|-----------|--------|
| | Amount | % | Amount | % |
| Hinge | 8,010,734 | 97.45 | 9,280,084 | 96.89 |
| Optical fiber connector | 209,929 | 2.55 | 298,086 | 3.11 |
| Total | 8,220,663 | 100.00 | 9,578,170 | 100.00 |

- (3) The company's current products and services
 - A. Hinge: Laptop/LCD Monitor/ AIO /LCD TV/Smartphone/Automotive Equipment
 - B. Optical fiber connector
- (4) New Product Development Plans for 2024
- (5) Jarllytec is currently focusing on the following new product development initiatives:
 1. Development of Motorized Hinges for Rotating and Collapsible Flexible Screens: A project aimed at creating advanced motorized hinge systems to enable seamless rotation and folding of flexible screens, enhancing functionality and user experience.
 2. Innovative Auto-Closing Cross-Hinge Technology for Tablets**: A development plan to design a novel cross-hinge mechanism that enables automatic closing for tablets, improving portability and durability.
 3. Multi-Functional Dual Hard Screen Portable Displays: A project to develop portable displays with dual rigid screens that seamlessly connect, offering versatile applications for professional and consumer use.
 4. Ultra-Thin Hinge Technology for Adjustable Projection Angle AR Glasses: A development initiative to create ultra-thin hinges that allow precise angle adjustments for augmented reality (AR) glasses, optimizing user comfort and projection accuracy.
 5. Large Foldable Displays: A plan to design large-scale foldable displays with advanced hinge mechanisms to support innovative applications in various industries.
 6. Ultra-Thin Flexible Screen Droplet Foldable Phone Hinges: A project focused on developing ultra-thin hinge systems for droplet-style foldable smartphones, enhancing slimness and durability.
 7. Bendable Flexible Screen Laptop Hinges: A development effort to create hinge technology for laptops with flexible screens, enabling bendable designs while maintaining structural integrity.

8. Lightweight High-Performance Hinge Structures with Advanced Manufacturing Processes: A research plan to develop lightweight, high-strength hinge structures using cutting-edge manufacturing techniques to improve performance and reduce production costs.

4.1.1 Industry overview

(1) Industry status and development:

The company mainly focuses on the research and development, production and sales of various hub components, accounting for approximately 97% of the company's revenue. Among them, folding mobile phones and liquid crystal displays (LCD Monitor and AIO) account for the highest proportion. Therefore, the company's industrial development is closely related to folding. The mobile phone and LCD industries are inseparable; in addition, the connectors produced by our company are used in optical signal transmission and are optical fiber connectors, which are classified as optical passive components in the optoelectronic industry. The following analysis is made on the current industry status of LCD monitors and notebook computers, foldable smartphones, and optical fiber connectors:

A. Hinge

i. Liquid crystal display (LCD Monitor and AIO)

According to the latest research from TrendForce, global monitor shipments in 2023 declined by 7.3% year-on-year, reaching only 125 million units, falling below pre-pandemic levels. In 2024, driven by a low shipment base from the previous year and the nearing completion of inventory destocking by end customers, procurement momentum gradually recovered. Coupled with a progressive economic rebound, monitor demand steadily increased. Demand for gaming monitors remained robust, and the continued development of digital environments across industries fueled growing demand for new applications such as smart transportation, smart healthcare, and smart manufacturing. This has driven the expansion of niche product markets, boosting global LCD monitor shipment performance. It is estimated that global monitor shipments in 2024 grew by 2% year-on-year, reaching approximately 128 million units.

Looking ahead to 2025, LCD monitor shipments are expected to see modest growth. With a typical PC replacement cycle of 4–5 years, some PCs purchased during the pandemic may start being replaced in 2025. Additionally, the cessation of Windows 10 support in the fourth quarter of 2025, combined with the rise of AI PCs, is expected to drive demand for high-end monitor upgrades, further contributing to slight growth in monitor shipments. Looking ahead to 2025, LCD monitor shipments are expected to see modest growth. With a typical PC replacement cycle of 4–5 years, some PCs purchased during the pandemic may start being replaced in 2025. Additionally, the cessation of Windows 10 support in the fourth quarter of 2025, combined with the rise of AI PCs, is expected to drive demand for high-end monitor upgrades, further contributing to slight growth in monitor shipments.

ii. Laptop

The notebook industry has entered a phase of intense competition. To minimize inventory levels of components and finished systems, major international brands have adopted a global logistics and production-sales collaboration model,

integrating partner manufacturers into their value chains to create virtually integrated operational entities, thereby continuously generating competitive advantages. Additionally, with the prevailing trend of low-cost electronic products, international PC giants, such as Dell, HP, Lenovo, and Apple, are urgently seeking high-quality, technologically proficient OEM partners to balance quality and cost. Taiwanese manufacturers, known for their strong R&D capabilities, flexible manufacturing processes, and superior production quality, have become ideal OEM partners for these global brands. Consequently, the proportion of notebook production outsourced to Taiwanese manufacturers has been increasing year by year, positioning Taiwan as a critical player in the global notebook supply chain.

Regarding production locations, while China remains the primary manufacturing hub, notebook OEMs have faced challenges since 2022 due to China's zero-COVID policy and power restrictions, which impacted shipments. Combined with ongoing U.S.-China tensions in 2023 and higher labor costs in China compared to other Southeast Asian countries, the global supply chain landscape has undergone significant changes. Notebook brands, factoring in geopolitical tensions, tariff pressures, and rising labor costs, are shifting toward diversified supply chain strategies. As a result, notebook OEMs are gradually relocating production lines outside of China, with Vietnam and Thailand emerging as the most favored destinations. These countries attract substantial investments due to lower labor costs, improving infrastructure, and growing domestic markets. Driven by geopolitical factors, the trend of decentralizing production to meet diverse market demands is expected to become more pronounced. According to TrendForce, the proportion of notebook production in non-China regions is projected to rise from 7.2% in 2023 to 12.4% in 2024.

According to a Canalys research report, the PC market exhibited strong momentum in the second quarter of 2024, with global desktop and notebook shipments growing by 3.4% year-on-year, reaching 62.8 million units. Notebook shipments specifically increased by 4%, totaling 50 million units.

Based on TrendForce's latest research, influenced by geopolitical risks and economic uncertainties, consumer budgets have become more conservative. Global notebook shipments in 2024 are estimated to reach 173.65 million units, a 3.7% increase from 2023, with replacement demand primarily concentrated in entry-level consumer and education markets. Although manufacturers introduced highly anticipated AI notebooks in the second half of 2024, their high prices have delayed consumer adoption. It is expected that AI models will make a substantial contribution to the supply chain in 2025, driven by commercial replacement demand, with global notebook shipments projected to grow by 5% year-on-year.

iii. 3C Electronic Product (Foldable Smartphone)

Foldable smartphones have undergone years of transformation and optimization, with related technologies maturing significantly. These advancements have introduced innovative designs to consumers while addressing the trade-off between screen size and portability. In recent years, improvements in flexible panels and hinge technologies have enhanced yield rates, leading to a gradual decline in foldable smartphone prices. User experience aspects such as overall device quality, slimness, screen crease reduction, battery life, and imaging have continued to improve, increasing consumer acceptance and expanding market opportunities. Currently, most brand manufacturers opt to develop and design

their own hinges, outsourcing production to suppliers to achieve differentiated competitive advantages. Examples include Samsung's horizontal hinge design and Huawei's droplet hinge design. This healthy competition has spurred a rapid increase in hinge-related patent applications, contributing to the maturation of hinge design technology.

According to TrendForce research, foldable smartphone shipments in 2024 are estimated at approximately 17.8 million units, accounting for only 1.5% of the global smartphone market. High repair rates and elevated prices remain barriers, with the market share projected to reach just 4.8% by 2028. The future development of the foldable smartphone market hinges on the pace of cost optimization. Key components, such as ultra-thin glass (UTG) and hinges, could be mass-produced following specification standardization, effectively reducing costs. Additionally, the increasing shipments of foldable panels from Chinese manufacturers, which offer a price advantage over Korean counterparts, are expected to further lower costs. This enables brands to reduce retail prices and accelerate market penetration.

According to IDC's latest quarterly smartphone forecast, Chinese manufacturers' proactive investment and strategic focus on foldable smartphones have positioned China as the world's largest foldable smartphone market. In 2024, China's foldable smartphone shipments are projected to reach approximately 10.68 million units, a year-on-year increase of 52.4%. By 2028, shipments in China are expected to exceed 17 million units, with a five-year compound annual growth rate of 19.8%. The Chinese foldable smartphone market is anticipated to maintain a global market share of approximately 40% in the long term.

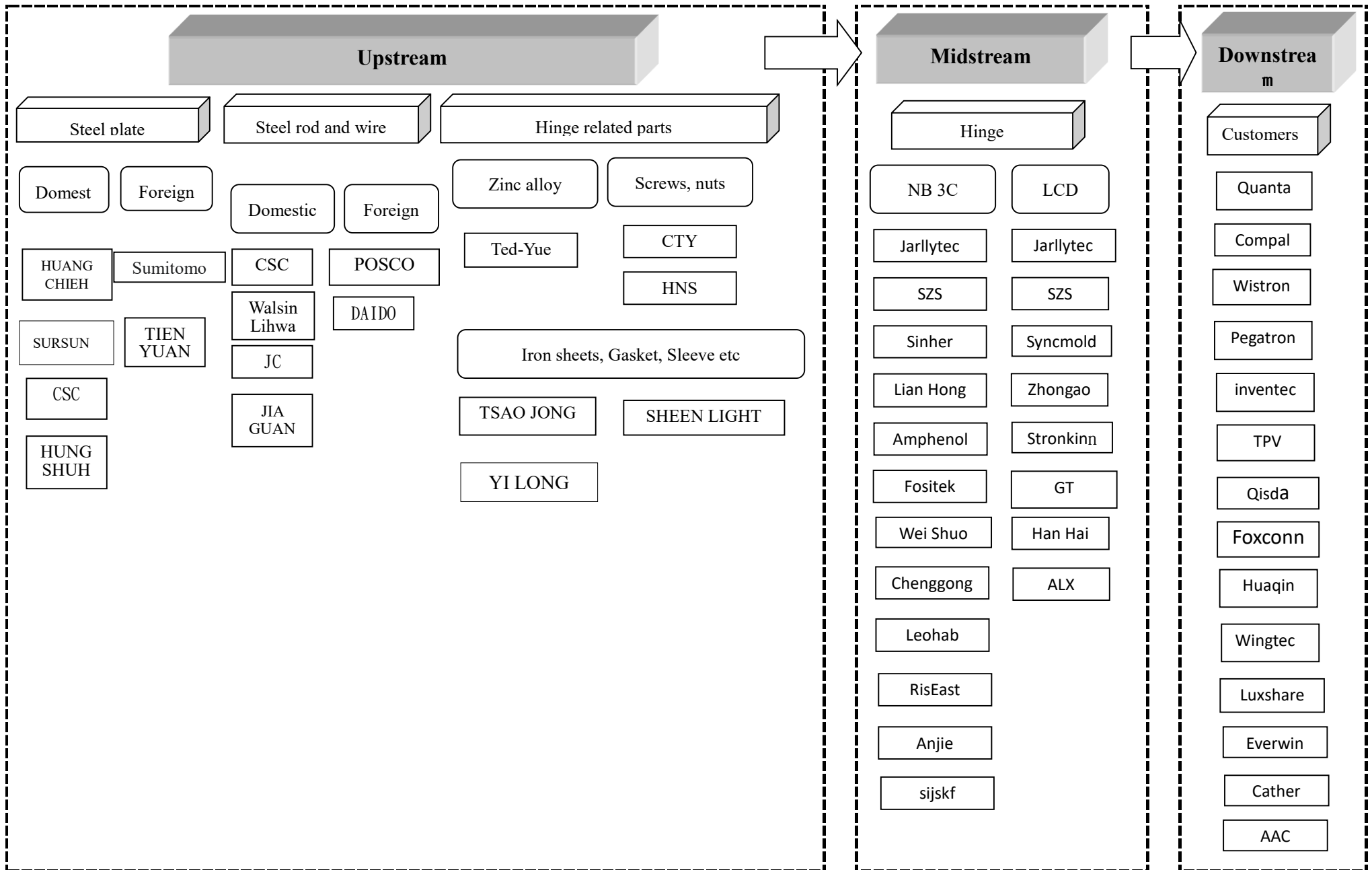
B. Optical fiber connector

The global surge in information and communication infrastructure, coupled with the widespread adoption of the internet, has driven the demand for high-speed broadband services such as cable television, distance learning, telemedicine, and video conferencing. The trend of 3C (computer, communication, and consumer electronics) integration and multimedia applications has further underscored the importance, urgency, and inevitability of optical fiber networks. Optical communications have become a dominant force in the telecommunications sector. From long-haul telecommunication transmission to internet and multimedia communications, optical fiber communication, characterized by high bandwidth, low loss, and immunity to electromagnetic interference, has gained increasing prominence. As a result, optical fiber communication has seen rapid growth, partially replacing traditional copper-based communication methods.

Due to the high cost of optical fiber deployment, optical communication equipment relies heavily on capital investments from telecommunications companies worldwide, forming a critical component of communication infrastructure closely tied to government policies and telecom service providers' strategies. According to the latest optical fiber connector market analysis report by Chord Industry Research Center (C&C), the growing adoption of AI applications has propelled rapid growth in the optical fiber connector market. In 2023, the global optical fiber connector market reached USD 4.2 billion, reflecting a year-on-year growth of 10.53%. It is projected to reach USD 7 billion by 2027, with a compound annual growth rate (CAGR) of 13% from 2023 to 2027.²⁵

(2) Upstream, Mid-stream and Downstream

The company's main product hinge, through the mechanical structure design, assembles many mechanical components into a finished hinge, and meets the inspection standards such as torque, hole position and durability required by customers. As far as this industry is concerned, the relevant hinge parts manufacturers (such as: male and female shafts, mandrels, castings, iron sheets, gaskets, screws, nuts, sleeves, metal powder injection) are upstream; the company is responsible for working with downstream customers. Collaborative development of structural design and assembly of hinge products belong to the midstream of the industry, and downstream is the manufacture of notebook computers, LCD monitors, 3C and other related system manufacturers. The upper, middle and downstream structures of the hinge industry are shown below:



(3) Product development trends and competition

A. Hinge

i. Liquid crystal display (LCD Monitor and AIO)

According to TrendForce research, monitor shipments will decrease by 7.3% year-on-year in 2023, reaching only 125 million units, which is lower than the pre-epidemic level. Looking forward to 2024, since the base period of shipments in 2023 is already low, coupled with the possibility of a slow economic recovery in 2024, and the normal PC replacement cycle is 4 to 5 years, some PCs purchased during the epidemic may have the opportunity to be sold in the second half of 2024. The replacement of monitors in 2025 will further promote global monitor shipments to increase by 2% annually in 2024, to approximately 128 million units.

As the undigested demand for business orders in Europe and the United States continues to ferment in the first half of 2022, the base period of business brand shipments in 2022 will be increased. By 2023, the business market demand will face a sharp shrinkage, resulting in the decline of the three major business monitor brands. become. Acer successfully upgraded its 60/75Hz products to 100Hz in 2023 with almost no price difference, driving shipments to increase by 6.7% annually.

On the other hand, shipments of some consumer brands will grow against the trend in 2023. Some brands mainly benefited from the booming demand in China's e-sports market, with shipments increasing by 8.8% year-on-year. Judging from the 2024 monitor brand shipment plans, the shipment targets of business and consumer brands are still conservative. Lenovo is the most aggressive in the business segment, with an annual shipment growth target of about 20%; consumer brands AOC/Philips, MSI (MSI), ASUS (ASUS) and Acer all have annual shipment growth targets of over 10%. On the contrary, Samsung Electronics, LG Electronics, and BenQ have set their 2024 shipments more conservatively, focusing on profitability and high-end product lines.

In the past, large-scale sports events have indeed helped stimulate market demand. However, as the global economic outlook is still poor, LCD TV panel shipments may fall short of the panel factory's set goals. TrendForce estimates LCD panel shipments in 2024 Approximately 242 million pieces, with an annual growth rate of approximately 3.4%; due to the increase in product size, the shipment area is expected to have an annual growth rate of 8.6%.

Currently, the 2024 shipment target set by the panel factory is about 251 million pieces in total. LCD TV panel operations have improved, and competition in IT panels is fierce. Therefore, it is necessary to rely on TV panel production capacity reduction to become the panel factory production in 2024. The main reason for the increase in willingness. In addition, the market has recently reported that a new wave of merger and acquisition opportunities may emerge in the panel industry, and we will continue to observe its impact on the panel market sector.

ii. Laptop

TrendForce, a research organization, said that due to the impact of global inflation

in 2023, the laptop market will continue to be weak, with full-year shipments of only 166 million units, an annual decrease of 10.8%, but the magnitude of the recession will be slightly less than in 2022. TrendForce pointed out that relevant innovative software applications are the key to whether AI PC can drive the growth of the future replacement wave.

In the first half of 2024, as major laptop manufacturers gradually destock, coupled with slowing inflation and market expectations that the Federal Reserve will cut interest rates as early as the first half of the year, corporate financing and borrowing costs will decrease and liquidity will increase. In addition, Microsoft (MSFT-US) operating system updates will promote system security upgrades for enterprise users, which is expected to drive demand for replacing old laptops with new ones.

Therefore, TrendForce expects that in the first half of 2024, as major laptop manufacturers gradually destock and under the favorable conditions of slowing inflation, the forecast index for a recent U.S. interest rate cut will rise. If the market expects that the U.S. Federal Reserve will start as soon as the first half of 2024, The interest rate cut will help reduce corporate financing borrowing costs and increase liquidity levels. Coupled with the generational change of Microsoft operating systems, it will promote the system security upgrade of corporate users, which is expected to drive the demand for replacing old laptops with new ones. Therefore, TrendForce expects , the notebook computer market demand will improve quarter by quarter in 2024, and the global notebook computer market will show moderate growth, with an annual growth rate of approximately 3.6%, reaching 172 million units.

However, TrendForce believes that due to the significant improvement in AI PC chip performance, coupled with the increase in specifications for memory, batteries, cooling and other related components, terminal prices have naturally increased. Therefore, the initial audience for AI PCs is still focused on high-end business needs and content. The creator is the main core.

TrendForce further pointed out that in 2024 CES manufacturers will mostly focus on hardware competition. Even if consumers are willing to buy an AI PC for a try at a price that is more than 50% higher than the average selling price of ordinary laptops, there is currently no killer for AI PCs. Level applications, it is expected that the penetration rate will still be low in 2024 and the growth space will be limited. Therefore, related software innovative applications are the key to AI PC. Will AI PC drive the growth of global laptop shipments in the next two to three years and usher in a new wave of machine replacement? core key.

iii. 3C Electronic Product (Folding Smartphones)

According to research by research firm TrendForce, global foldable mobile phone shipments will reach 15.9 million units in 2023, an annual increase of approximately 25%, accounting for approximately 1.36% of the overall smartphone market; foldable mobile phone shipments in 2024 are estimated to be approximately 17.7 million units, an annual increase of approximately 25%. It increased by about 11%, and the proportion increased slightly to 1.5%. The growth rate is still lower than market expectations. It is expected that the proportion of folding mobile phone shipments may exceed 2% in 2025. From a mid- to long-term perspective,

TrendForce believes that it is imperative for the foldable phone market to continue to expand. It is estimated that shipments may reach 70 million units in 2027, accounting for approximately 5% of the overall smartphone market.

According to TrendForce analysis, there are two reasons for the slowdown in the growth of foldable mobile phones. The first is low consumer stickiness. It is understood that users who purchase foldable mobile phones for the first time have trouble with frequent repairs and lack confidence in the product, resulting in the need for replacement when there is a need. At this time, it is very likely to switch to purchasing a high-end smart flagship phone instead of a foldable phone. Secondly, the selling price of foldable mobile phones currently on the market has not yet reached the sweet spot for consumers, making it difficult to rely on selling price to achieve sales targets.

TrendForce said that the subsequent development of the folding mobile phone market depends on the speed of cost optimization. Among them, key components such as UTG and hinges may be mass-produced after the specifications are unified, thereby effectively reducing costs. In addition, Chinese panel manufacturers are beginning to increase their shipments of foldable panels, which have a price advantage over Korean manufacturers, which is expected to further reduce the cost of foldable mobile phones. Brands can accelerate market penetration by lowering selling prices.

In terms of brands, Samsung is still the market leader, but its market share has dropped from 80% in 2022 to less than 70% in 2023; Huawei's shipments have increased to 12%. Other brands including Xiaomi, Oppo, Vivo and other brands are all below 10%. Looking forward to 2024, Samsung's goal for foldable mobile phones is the same as in 2023, with a market share estimated to be about 60%; Huawei has significantly increased its shipment target for foldable mobile phones this year, and its market share is expected to exceed 20%.

B. Optical fiber connector

At present, the optical fiber technology is based on passive optical fiber network (PON). After deployment through FTTH (fiber to the home), FTTB (fiber to the building) and FTTx, VDSL is used to complete the last mile deployment. In the future, optical fiber network deployment, digital audio-visual and voice applications, and network storage requirements will become the main driving forces for the growth of the network industry. The most important thing in the field of optical communication is advanced technology. As Early as before the communication bubble in 2000, the optical communication technology in the laboratory can already reach the bandwidth of Tera (10¹² bit/s, 1 Tb) level, which is higher than that of today. The bandwidth of the Mega (10⁶ bit /s, 1 Mb) class that is popular in households is six orders of magnitude higher. In the past few years, the driving force for maintaining the growth of the optical communication market has come from the construction of FTTH and 3G infrastructure. The future development will depend on the upgrade of network bandwidth and the more popularization of FTTH. Currently, GEAPON is the mainstream specification in countries with leading FTTH markets in Japan and Asia, which is different from the GPON specification that is widely used in the United States. In the future, the industry will depend on whether China will adopt GPON or GEAPON more. China is regarded as the largest market for FTTH in the future.

In addition, the 10G EPON standard was formulated in November 2009, and the 10G market, which has been proposed for years, is just around the corner. Related companies have successively launched 10G EPON chips and equipment, which will gradually dominate the optical communication market in the next few years. By then, the bandwidth speed of FTTH end users is expected to move towards 100M. After the fiber-to-the-home market is popularized, it will enter a stage of continuous bandwidth upgrade. In addition, the world's major cable TV operators will also accelerate the pace of optical fiberization. Through RFoG or with various PON technologies, they can achieve bandwidth upgrades and save operating costs, bringing another wave of business opportunities to the optical communication industry.

Optical fiber connectors are used to connect between optical fibers, optical transmission equipment ports and optical fibers, and are used in data centers, wireless base station access, and fiber-to-the-home FTTx downstream. Like other optical devices, small size and high precision are the main directions of connector development in the future. With the large-scale opening of 5G base station construction, a new round of capital expenditures for wireless base station construction is accelerated, data centers are upgraded to 40G/100G, and large data centers are upgraded to 400G, which will further drive the application demand for optical fiber connectors. Among the fiber optic connectors, MPO/MTP is a multi-core multi-channel high-density fiber optic connector, which can connect to two rows of 24-core fibers at the same time. As the network data transmission rate is getting higher and higher, it is difficult for traditional fiber optic connectors to meet high-speed network standards in terms of core count and miniaturization. According to IEC international standards, high-density MPO/MTP connectors have become 40G and the standard interface of 100G network transmission.

4.1.2 Technology and R&D Overview

- (1) R&D expenses invested in the last five years and up to the date of publication of the annual report

Unit: NT\$ thousand

| | 2020 | 2021 | 2022 | 2022 | 2023 | 2024 | As of March 31, 2025 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------------|
| Research and Development Fees | 230,672 | 279,822 | 220,943 | 223,795 | 268,055 | 268,055 | 59,035 |
| Operating income | 5,546,230 | 7,446,666 | 7,020,608 | 8,220,663 | 9,578,170 | 9,578,170 | 2,627,905 |
| R&D expenses to revenue ratio | 4.16% | 3.76% | 3.15% | 2.72% | 2.80% | 2.80% | 2.25% |

- (2) Developed technologies or products

- A. One-line pivot structure
- B. Shrapnel hinge structure
- C. Wrapped hinge structure
- D. Double- hinge 360-degree rotating structure
- E. Automatic drop structure
- F. Automatic pop-up structure
- G. Switch light and switch heavy structure
- H. Four-stage torsion shaft
- I. The notebook computer hinge of the automatic drop type with light switch and heavy switch

- J. Ultra-thin laptop hinge
- K. Four-link structure
- L. Lifting structure
- M. Photo frame structure
- N. Double hard screen seamless folding hinge structure
- O. Flexible screen horseshoe-shaped inner folding hinge structure
- P. Flexible screen drop-shaped inner folding hinge structure
- Q. External folding hinge structure of flexible screen
- R. Webcam hub structure
- S. Wireless bluetooth earphone box hub structure
- T. VR hub structure
- U. Flexible screen hub high-efficiency production technology
- V. Tablet computer leather case hub production technology

4.1.3 Long- and short-term business development plans

Jarllly has been focusing on the development of its own business. In response to industry development trends and changes in domestic and foreign business environments, it adjusts the company's constitution and enhances overall competitiveness through various long-term and short-term plans. The company's long-term and short-term plans are explained as follows:

(1) Short-term plans

A. Short-term market strategy

- i. Adjust product mix and strive for niche products for maximum profit.
- ii. Expand new customers and increase the market share of the hinge.
- iii. Accelerate and enhance customer satisfaction through the operation of the organization.

B. Short-term business strategy

- i. Continue to integrate internal and external resources of the company and establish strategic partnerships with suppliers to improve vertical integration capabilities.
- ii. Improve the self-made rate of components, reduce the ratio of outsourcing and the cost of raw materials.
- iii. Continue to introduce automated production equipment to improve production efficiency and product quality stability.
- iv. Assist and coach third-party manufacturers to improve the quality of their products.

C. Short-term R&D strategy

- i. Improvement and control of the existing species structure to enhance the efficiency of product production.
- ii. Strengthen the verification and experiment of the existing structure to improve the quality of the product and reduce the defective rate of the product.
- iii. Implement the simplified design experiment of the existing product structure, reduce the cost of the product structure and increase the competitiveness of the product.
- iv. Become a customer's R&D partner and shorten the product development schedule to meet the customer's product development and schedule requirements.

(2) Long-term plans

- A. Long-term market strategy
 - i. Develop OEM upstream customer communication channels and grasp business opportunities.
 - ii. Actively contact new customers, increase cross-category products and integrate customer needs. Accelerate and enhance customer satisfaction through the operation of the organization.
- B. Long -term business strategy
 - i. Seek strategic alliance partners.
 - ii. Increase the added value of existing products.
 - iii. Create the best interests of employees and shareholders to introduce automated production equipment to improve production efficiency and product quality stability.
- C. Long-term R&D strategy
 - i. Purchase precision processing machines to increase the processing capacity of precision parts.
 - ii. Cooperate with brand customers to form R&D partners to fully grasp the R&D orientation of new models and effectively invest R&D resources.
 - iii. Recruit outstanding R&D talents, strengthen the education and training of R&D personnel and strengthen the ability of the R&D team.
 - iv. According to market trends, develop new structural hinges and apply for patent rights to protect intellectual property rights.
 - v. Organize an automation R&D team to match the development schedule of new models, so that products can be imported into automatic production at an early stage and increase the competitiveness of products.

4.2 Market and Sales Overview

4.2.1 Market Analysis

- (1) The company's current main products (services) sales (provided) areas

Unit: NT\$ thousand

| | 2023 | | 2024 | |
|----------|-----------|-------|-----------|-------|
| | Amount | % | Amount | % |
| Taiwan | 7,809,718 | 95.00 | 9,063,289 | 94.62 |
| China | 71,245 | 0.87 | 115,179 | 1.20 |
| USA | 143,801 | 1.75 | 167,832 | 1.75 |
| Thailand | 79,540 | 0.97 | 49,707 | 0.52 |
| Others | 60,399 | 0.73 | 154,853 | 1.62 |
| Total | 55,960 | 0.68 | 27,310 | 0.29 |

- (2) Market share

According to the statistical data of the "Manufacturing Investment and Operation Survey Report for the Fourth Quarter of 2024" published by the Ministry of Economic Affairs, the overall industry turnover of China's electronic components industry in 2024 will be 8,089.0 billion yuan. If the company and its subsidiaries are According to the company's consolidated revenue of 9.578 billion yuan in the financial statements reviewed by accountants in 2023, the market share of the company and its subsidiaries in China's electronic components industry is 0.12%, which shows that the company and its subsidiaries have a leading position in China's electronic components industry. The company has a certain competitive position in the component industry and market. In the future, it will uphold the spirit of excellence and cooperate with major global well-known system manufacturers to continuously develop new products in line with market trends and continue to improve its market position.

- (3) The supply and demand situation and growth potential of the market in the future

After a period of adjustment, the notebook computer market in 2024 is showing signs of moderate growth. The emergence of AI PCs is bringing about new changes in the market, with the commercial segment expected to recover in 2025. Demand for PC replacements will also continue to drive the market.

Brand manufacturers are competing on technological innovation, pricing strategies, and supply chain management. The integration of AI features will be crucial for future competitiveness. Looking ahead to 2025, the conclusion of the U.S. election will reduce political uncertainties. Furthermore, the Federal Reserve's interest rate cuts, initiated in September 2024, will facilitate capital flow. Coupled with the end of Windows 10 service and stimulating demand for commercial replacements, notebook shipments are projected to increase by 4.9% year-on-year in 2025, reaching 183 million units.

While global foldable smartphone shipments in 2024 saw a slight increase of 2.9% compared to 2023, the weak sales performance of Samsung Electronics and Oppo in Q4 could negatively impact total shipments in 2025, leading to a projected decline from 2024.

Research firm Counterpoint Research indicates that the market will struggle to find positive drivers in 2025, hence they predict negative growth for the foldable smartphone market. However, according to supply chain orders, the foldable smartphone market is actively preparing for future developments. Currently, this doesn't appear to be a sign of market saturation but rather a precursor to upcoming transformation. Therefore, the market adjustment in 2025 is precisely in preparation for significant growth in 2026.

(4) Competing for a niche

A. Stay focus

The company has been focusing on the hinge industry for years and has accumulated considerable experience and is well-known. At present, it is a world-renowned supplier of notebook computer hinges, AIO hinges and LCD hinges, with a certain economic scale.

B. Actively develop products with new types of structures

Since its establishment, the company has increased the breadth and depth of research and development and continued to develop products with new types of structures. To cooperate with the development trend of innovative application and design of various electronic products, we provide the best cooperation and service for the client, thereby enhancing the added value of the client's products and product competitiveness.

C. Excellent R&D and design capabilities

R&D and design capabilities are the most important capabilities of the company and we are constantly trying to improve ourselves. As far as the entire R&D system is concerned, a feedback mechanism for failure experience and design standards have been established. All design experience will be continuously accumulated, improved and grown through such a mechanism, which not only enables new recruits to quickly accumulate experience, but also Quickly translate personal failure experience into the experience of all designers. In addition, our company is also the first company in the industry to introduce the finite element analysis method into design verification. The computer finite element software assists in the analysis of strength, life and movement and the previous trial and error process is advanced to the front end of the design. It enables front-end design methods to be determined early, accurately and quickly to meet customer quality and R&D speed requirements and to improve design capabilities.

D. Financially sound

The competitive nature of the market favors those who can respond quickly, while the pivot product has the characteristics of short development time and frequent design changes. Frequent design changes make it more expensive to invest in the initial stage of development. Unless there is sufficient capital, it is difficult to bear the loss of funds during the development period. Therefore, the company is financially sound and can meet the huge capital needs from development to mass production.

E. Patent threshold

The company protects the research and development achievements by applying for patents and effectively improves the entry threshold of the industry by accumulating patents. With the continuous evolution of products, there will also be innovative technologies and new structures. As soon as the company has a new technical structure, it will immediately apply for patent protection to maintain this competitive advantage.

F. CAE software

Has strong calculation and verification ability and can provide data reference for the strength of the product in the early design stage.

G. Perfect supply base

There are production bases, which can meet the supply needs of customers in various regions and each base has a precision measurement center, which can effectively control the quality.

H. Professional management team and corporate reputation

The company has a professional management team with rich experience and excellent technical ability. The leaders of each business department have rich qualifications in related industries and all have professional technical background. Therefore, whether it is the consolidation of the market or the expansion of performance, they all occupy an absolute position. Competitive Advantage. The company has been committed to the development of production hinges for more than ten years and has a certain reputation, which can attract better talents to join.

I. Invest in automated production equipment

Actively develop automation equipment to save labor costs, improve product production stability and quality and reduce costs.

(5) Advantages, disadvantages and countermeasures of development prospects

A. Favorable factors

i. The hinge product has a wide range of applications and has room for growth

The pivot product is the main pivot of the connection between the screen and the base in various electronic products to achieve the rotation function of opening and closing, such as notebook computers, LCD screens for various purposes, mobile phones, screen cameras. Important parts that must be used. Under the situation that the annual output of major electronics manufacturers is increasing day by day, the future development of hinge products is limitless and has great room for development.

ii. Strong R&D and design capabilities

The company has always been aiming at innovative technology and actively researching and developing types of hinge products. In addition to being

sensitive to market trends, it can also develop according to customer needs. In recent years, the hinge of folding mobile phones has also brought considerable benefits to the company's revenue, which is enough to prove that the company has leading R&D competitiveness in the industry

B. Unfavorable factors

- i. The competition of information electronic products is fierce and the profit is meager

Due to the short life cycle of information and electronic products and the rapid changes in product technology and functions, the price of products has fallen rapidly and the cost of raw materials has continued to rise.

Our Countermeasures

In the face of rapid changes in the information and electronics industry environment, the company actively develops new structural designs to meet the needs of the current market environment. In addition, the continuous upward trend of raw material costs enables the company to introduce the feasibility assessment and verification of low-cost alternative materials while developing new structures and adopt the research and development direction of matching and simplifying the design structure to improve the profit of its own hinge products.

In response to the current market situation with meager profits, the Company actively develops the structural design of high-end products, so that the entry threshold of high-end products is higher than that of existing products to increase profits.

- ii. Lack of labor causes a relative increase in labor costs

In recent years, Taiwan's industrial pattern has been gradually changing. Various service industries are on the rise. The manufacturing industry has also transformed from traditional labor-intensive to capital-intensive and technology intensive. The number of employees in the manufacturing industry has decreased, the recruitment of basic labor is difficult and wages have continued to rise., The increase in wage costs has also caused pressure on domestic manufacturers to operate.

Our Countermeasures

Since the company started the production of notebook computer components, it has been committed to the improvement of production and process. By adding machinery and equipment, increasing the degree of factory automation and mechanization to reduce the dependence on manpower and improve the unit of grassroots manpower output.

Strengthen pre-employment and on-the-job training of employees to improve the quality and productivity of personnel and commit to human resource planning and enhance employee benefits to effectively reduce personnel turnover and improve the company's profitability.

4.2.2 Important uses and manufacturing processes of main products

| : | Main products and their uses |
|--------------------------------|---|
| Hinge | Mainly used in connecting shafts of computers, electronics, optics, home appliances, information, communications, instruments and other products, such as: commercial notebook computer hinges, industrial notebook computer hinges, military notebook computer hinge, LCD Monitor, Automotive Equipment |
| Optical Fiber Connector | Mainly used in optical transmission systems, as a connection between telecommunications companies' computer rooms, base stations, cable TV operators' computer rooms, relay stations, network operators' computer rooms Fiber to home users, theater-level audio equipment, optical master and passive (active) Component manufacturers' inspection equipment and military communication equipment. |
| Other | Applicable to all products and equipment spare parts products. |

4.2.3 Availability of main raw materials

The company's main raw materials are male and female shafts, mandrels, castings, iron sheets, copper sheets, gaskets, shrapnel, sleeves, screws, nuts and metal powder injection. Each raw material has more than two suppliers as a response and establishes long -term cooperative partnership with suppliers and the supply quality is stable.

4.2.4 Customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years

- (1) The names of suppliers who have accounted for more than 10% of the total purchases in any of the last two years, their purchase amounts and proportions and the reasons for their increase or decrease

From 2023 to 2024 and as of the first quarter of 2025, the company has no suppliers that account for more than 10% of the total purchases.

- (2) The names of the sales customers who have accounted for more than 10% of the total sales in any of the last two years, the sales amount and proportion and the reasons for the increase or decrease

Unit: NT\$ thousand

| 2023 | | | | 2024 | | | | 2025 up to the first quarter | | | |
|------------|-----------|-------------------------------------|------------------------------|------------|-----------|-------------------------------------|------------------------------|------------------------------|-----------|-------------------|------------------------------|
| Name | Amount | Ratio to net sales for the year (%) | Relationship with the issuer | Name | Amount | Ratio to net sales for the year (%) | Relationship with the issuer | Name | Amount | First quarter (%) | Relationship with the issuer |
| Customer F | 3,692,942 | 44.92 | None | Customer F | 4,627,932 | 48.32 | None | Customer C | 1,481,715 | 56.38 | None |
| | - | - | None | Customer A | 1,067,166 | 11.14 | - | | - | - | None |
| - | - | - | - | - | - | - | - | | - | - | - |
| other | 4,527,721 | 55.08 | - | other | 3,883,072 | 40.54 | - | other | 1,146,190 | 43.62 | - |
| net sales | 8,020,663 | 100.00 | - | net sales | 9,578,170 | 100.00 | - | net sales | 2,627,905 | 100.00 | - |

Explanation of changes: The ranking of the company's sales customers changes with the different allocation ratios of system manufacturers' models to each end customer, causing the company's key sales volume and proportion to each customer to change accordingly.

4.3 Human Resources Information of the most recent two years until the publication of this annual report:

| Fiscal year | | 2023 | 2024 | As of April 30, 2025 |
|---------------------------------------|--------------------------|-------|-------|----------------------|
| Number of employees | Labor | 1,318 | 1,360 | 1,425 |
| | Employees | 992 | 1,132 | 1,111 |
| | Total | 2,310 | 2,492 | 2,536 |
| Average age | | 39.71 | 34.67 | 31.94 |
| Average years of service | | 3.83 | 3.10 | 3.15 |
| Education distribution percentage (%) | Ph.D. | 0.17 | 0.16 | 0.16 |
| | Master's degree | 2.60 | 2.97 | 2.88 |
| | College | 26.54 | 30.02 | 29.57 |
| | Senior high school | 26.88 | 28.41 | 28.27 |
| | Below senior high school | 43.81 | 38.44 | 39.12 |

4.4 Environmental Protection Expenditure

In the most recent year and as of the publication date of the annual report, the losses incurred due to environmental pollution (including compensation and environmental protection inspection results that violated environmental protection laws and regulations) shall list the date of punishment, the name of the punishment, the provisions of the violation, the content of the violation and the punishment. content) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be estimated, the fact that it cannot be estimated shall be stated): None

4.5 Labor Relations

4.5.1 The company's various employee welfare measures, further education, training and retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures

(1) Employee Welfare Measures

The company attaches immense importance to employee welfare, establishes an employee welfare committee in accordance with the Employee Welfare Fund Regulations to manage various employee welfare matters and allocates welfare funds for monthly operating income, employee salaries and the sale of salaries in accordance with regulations. In accordance with labor insurance regulations and national health insurance regulations, it provides labor insurance and health insurance for all employees and enjoys various labor insurance payment rights. The company has always paid attention to humanized management and adhered to the concept of coexistence and humiliation of labor and management. Therefore, it adopts a variety of methods to deal with labor-management issues. Through labor-management meetings, we listen to employees' voices, understand employees' ideas and increase employee communication channels to unite employees. Centripetal force to promote the continuous improvement of the company y's operating results and achieve the goal of sustainable development. In addition, our employees also enjoy the following benefits:

- A. Insurance benefits: Travel “Ping An” Insurance for colleagues on business trips.
- B. Vacation benefits: two days off (plus national holidays), marriage leave, maternity leave, paternity and paternity leave , special leave.
- C. Traffic welfare: There are parking lots for cars and locomotives.
- D. Meal benefits: meal options in the staff restaurant.
- E. Clothing Welfare: Provide staff uniforms.
- F. Bonus and benefits: year-end bonus, employee remuneration, incentive bonus, patent bonus, production performance bonus, annual full-time bonus and annual senior employee bonus.
- G. Entertainment and benefits: annual staff travel, annual staff dinner, year-end dinner party and lottery activities.
- H. Subsidy and welfare: pre-employment education and training, in-service education and training and internal/external training professional course arrangement fee subsidies.
- I. Other benefits: regular health check-ups for employees, gifts for three festivals, gifts for birthdays, subsidies for various weddings and funerals and discounts for employees in various special stores.

4.5.2 2024 Employee Education and Training Achievements

Unit: person/hour/NT\$

| Title | Trainees | Training hours | Expenditures |
|----------------------------------|----------|----------------|--------------|
| New personnel training | 881 | 4,231.5 | 0 |
| Professional functional training | 15,834 | 15,082.3 | 669,876 |
| Supervisors can train | 90 | 245 | 0 |
| General knowledge training | 19,227 | 14,799.95 | 520 |
| Total | 36,032 | 34,358.75 | 670,396 |

- (1) The actual number of employees who participated in the training in 2024 was 36,032, including free training courses held at their own expense and by various competent authorities, accounting firms, industries and the company. The actual training expenses of the company for the year were NT\$670,396.
- (2) The company's employees conduct pre-employment training courses and functional on-the-job training for new recruits after registration. In addition, according to the annual training demand survey, the annual training plan is formulated and implemented and the performance evaluation is made according to the training results to strengthen the functions of employees, enhance the business performance and competitiveness of enterprises.
- (3) To cooperate with the company's long-term development and improve the quality of employees, the company plans professional functional training and general training and invites employees to do professional skills sharing courses internally. Through talent training, each employee can achieve the greatest potential.

Professional function training: send personnel to participate in the training of various training institutions according to the professional courses and knowledge required by each department, such as: audit training, accounting training, professional technical training, procurement and inventory management training, patent management training.

Competency training for supervisors: Department supervisors participate in seminars held by government agencies or various associations, such as business management, risk and human management.

General training: fire safety training, labor safety education and training, responsible business alliance code of conduct training, environmental protection issues training.

4.5.3 Retirement System

- (1) In accordance with the provisions of the "Labor Standards Law", the company has established a retirement method with defined benefits, which is applicable to the years of service of all regular employees before the implementation of the "Labor Pension Regulations" on July 1, 2005. Employees who choose to continue to apply the Labor Standards Law after the Labor Pension Regulations will continue to serve their employees. For employees who meet the retirement conditions, the payment of pension is calculated based on the length of service and the average salary of the 6 months before retirement. Two bases are given for each full year of service within 15 years and each year for more than 15 years of service. One base is given for one full year, but the maximum accumulation is limited to 45 bases. The company allocates 2% of the total salary to the retirement fund monthly and deposits it in a special account in the Trust Department of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee.
- (2) Since July 1, 2005, the company has established a retirement method with certain contributions in accordance with the "Labor Pension Regulations", which is applicable to employees of their own nationalities. The company chooses to apply the part of the labor pension system stipulated in the "Labor Pension Regulations". The company pays 6% of the employee's monthly insured salary to the employee's personal account of the Bureau of Labor Insurance according to the salary grading table monthly. Retirement pension is paid in monthly pension or lump sum pension according to the employee's personal pension account and the amount of accumulated income.

4.5.4 Employee Code of Conduct or Ethics

Regarding the behavior and code of ethics of employees, the company has formulated relevant measures and regulations such as work rules, as a guideline for employee behavior. The main contents are:

- (1) Standardize the duties and organizational functions of each unit.
- (2) Employees must establish good discipline.
- (3) Comply with government laws and regulations.
- (4) Protect the company's assets for effective use.
- (5) The company's confidential business and information should be kept confidential.
- (6) The periodic reports submitted shall be disclosed in a complete, fair, correct, timely and easy-to-understand manner.
- (7) To reward or punish the company's operating profit or loss due to the employee's behavior.
- (8) To formulate assessment standards for assessing employees' work achievements and performance and use them as the basis for salary adjustment and promotion bonus distribution and education and training course arrangement.

The company evaluates employees according to the work responsibilities of various departments, employee attendance management methods, employee reward and

punishment management methods, performance appraisal work methods and other regulations. All reward and punishment regulations are well known to employees to abide by, so that employees clearly know the code of conduct and employees are entitled to sufficient salary. When encouraging deeds or admonishing behaviors, rewards and punishments shall be managed in accordance with the above-mentioned regulations.

4.5.5 Protection Measures for Working Environment and Personal Safety of Employees

The company has won the ISO14001 (2015 version) environmental management system certification of the Metal Industry Research and Development Center (Validity period: 6/5/2022~6/4/2025), ISO45001 (2018 version) occupational safety and health management system certification (Validity period: 5/30/2022~5/29/2025) and LCIE-SNQ IECQ QC080000: 2017 Hazardous Substance Process Management System (HSPM) certification (Validity period: 12/3/2020~12/2/2023), so in terms of protection and management measures for the working environment and employees' personal safety and health, it has reached the level of regulations.

4.5.6 The agreement between labor and management and various measures to protect the rights and interests of employees

The company attaches significant importance to humanized management and recognizes that labor and capital are integrated to coexist and prosper. In the recent year and as of the publication date of the annual report, there have been no major labor disputes. In the future, the communication between labor and management will continue to be strengthened and two-way coordination will be adopted in policy promotion and employee feedback to protect the rights and benefits of employees, so that both parties can recognize and understand each other better, eliminate unnecessary disputes, maintain harmony and move towards the common goal of the company.

Losses suffered from labor disputes in the most recent year and up to the date of publication of the annual report (including the violation of the Labor Standards Act by the labor inspection results, the date of punishment, the name of the punishment, the violation of laws and regulations, the content of laws and regulations and the content of punishment) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be estimated, it should explain the fact that it cannot be estimated.

The company recognizes the integration of labor and capital and continues to strengthen the communication between labor and management. In the most recent year and as of the publication date of the annual report, there has been no major labor disputes and losses. Since then, efforts have been made to eliminate the occurrence of disputes and various employee welfare measures have been implemented. It is estimated that there will be no losses in the future.

4.6 Information Security Management

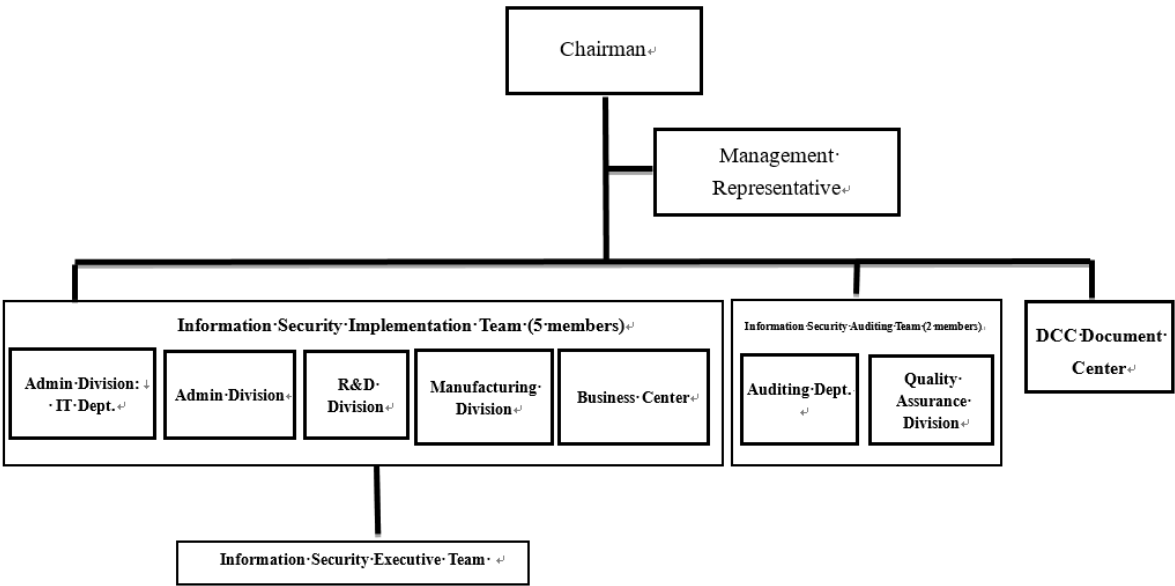
4.6.1 State the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management.

1. Information and communication security management strategy and structure

With the advancement of network technology and the increase in information security risks, enterprises are facing increasing information security risks. In order to enhance the company's overall information security protection capabilities, ensure the accuracy

of information processing in each unit and the computer software and hardware and the reliability of the network system. The company officially introduced ISO27001:2021 on September 1, 2023 and established an information security management committee promotion organization. The chairman is the chairman, with 1 management representative and 5 information security implementation teams. There are 2 people in the information security audit team, 10 people in the information security execution team, and 1 person in the document management center. An announcement will be issued on September 1, 2023. The head of the information unit will report the information security management situation to the board of directors regularly every year, and January 24, 2024.

Information Security Management Committee Promotion Organization Chart



Operational Mode of Information Security Information Action Committee

2. Information Security Policy

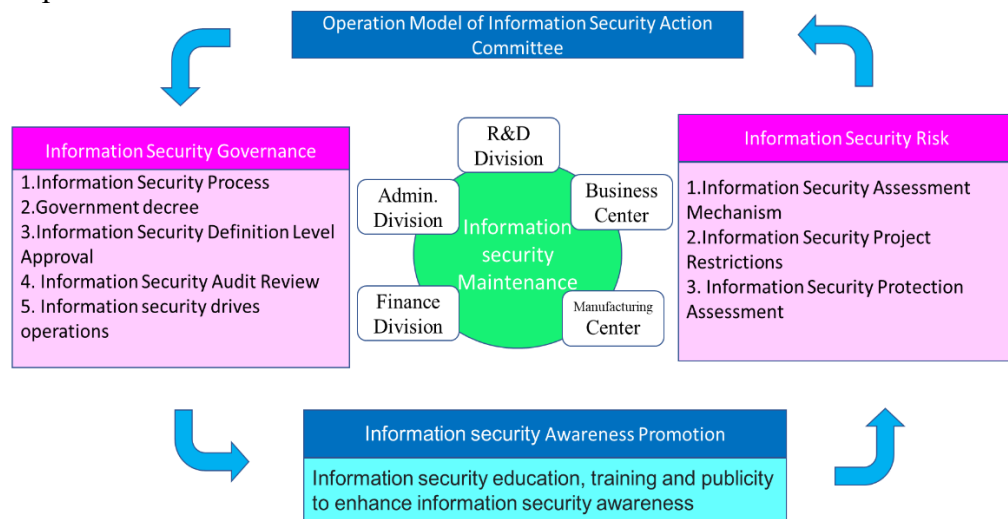
The information unit updated the "Information Security Management Manual" on September 1, 2023, and formulated the information security policy as "Everyone is Responsible for Information Security" to strengthen information security management and ensure the security of data, systems, equipment and networks. The term "information security" as mentioned in this policy refers to ensuring the accuracy of the company's information processing, the reliability of the computer software, hardware, peripherals and network systems used by the operators, and ensuring that the above resources are free from interference, destruction and intrusion. behavior or attempt. The goal of information security is to ensure the legal access to the company's information, and to provide complete and uninterrupted information system operation. After taking prompt and necessary contingency measures, normal operations can be restored in the shortest possible time to reduce the possibility of accidents. the damage caused. The scope of information security coverage is as follows:

Information security covers 93 management items in 4 major controls to avoid improper use, leakage, tampering, destruction, etc. of information due to human negligence, natural disasters and other factors, which may bring various possible risks and harms to the company.

Management matters are as follows:

- 2.1 Organizational control: There are 37 control items in total.
- 2.2 Personnel control: There are 8 control items in total.
- 2.3 Entity control: There are 14 control items in total.
- 2.4 Technical Control: There are 34 control items in total

The company's information security management policy is to formulate a complete plan with reference to the ISO/IEC 27001 standard, establish high-level continuous operation management and carry out a complete system disaster recovery plan (ERP, HRM, electronic sign-off), and allocate dedicated personnel for information security Personnel assist the company in its operations. Information department personnel receive training from external professional organizations on a regular basis every year. They continue to pay attention to the changing trends of the information environment, conduct regular security testing, and conduct regular information security education and training for colleagues to strengthen the information security crisis awareness and information security handling of the company's colleagues. personnel's adaptability, and in March 2023, the information security risk management and continuous improvement framework was formulated as follows:



3. Specific management plan

In order to achieve information security policies and goals and establish comprehensive information security protection, the management items and specific management plans implemented are as follows:

- (1) Improve information security defense capabilities: The company continues to strengthen information security investment, regularly assigns vendors to conduct vulnerability scans every year, and corrects and strengthens them. It also revises ISO-related documents to establish a network security incident contingency plan, conducts impact and loss assessments based on the severity of the incident, and takes In response to notification and recovery actions, the company continues to strengthen system backup and regularly arranges backup and restoration plan drills for important information systems such as ERP & electronic sign-off systems to ensure that company disasters can be completed within the company's customized RTO and RPO in compliance with regulations.
- (2) Improve network, endpoint and application security: The company regularly invests in information security-related funds every year to establish a basic protection structure to ensure that corporate operations are within a safe range. Therefore, information security risks have not had a significant impact on the company's financial business. At

present, the company has invested in software and hardware protection measures, including new generation firewalls (with SD-WAN and SWG modules), enterprise file encryption systems, anti-virus software, and spam filtering systems. At this stage, there is no need to invest in insurance according to internal evaluation. Safe and safe. At present, all company computers are equipped with anti-virus software, and the deployment rate has reached more than 99.9%. Starting from 2021, the MDR threat detection and response service has been purchased to monitor the server 7X24. Any abnormalities will be immediately blocked and isolated, and IT personnel will be notified by email for handling. ; The machine equipment network and the server are set to different network segments, and the virus is scanned through the intermediary server before uploading.

- (3) Education and training: Starting from 2022, a social education drill project will be launched to strengthen the implementation of information security concepts in various departments and encourage every employee to understand that everyone is responsible for information security.

Social Engineering Drills

From May to September 2024, Jarllytec conducted annual social engineering drills. A total of 1,752 drill emails were sent to 876 users, with each user receiving two emails. Initially, 3.08% of employees failed the drill. Following educational training and reinforced awareness campaigns, a second round of social engineering drills was conducted. These drills are scheduled to continue in 2025. Since March 1, 2023, external emails have been marked with a bilingual warning: “Reminder: This is an external email. Please verify the source is safe before opening links or attachments.”

Server Vulnerability Scanning

In July 2024, an initial server vulnerability scan was conducted, followed by a retest in September 2024. Jarllytec has progressively upgraded the operating systems and database systems of critical servers, including the email server, electronic approval server, and HRM system server, to reduce vulnerabilities.

Firewall and Network Security Upgrades

In 2024, Jarllytec replaced outdated firewalls with new ones and procured new Wi-Fi Access Points (APs) to phase out equipment that no longer met cybersecurity requirements. Starting in 2024, the Company adopted communication protocols of TLS 1.2 or higher. Since 2023, a VPN dual-factor authentication mechanism has been fully implemented. In 2025, Jarllytec plans to establish a High Availability (HA) firewall system, enabling automatic failover in case of a single firewall failure to prevent network disruptions, ensure system and data transmission continuity, and enhance network stability.

- (4) Management Review Meeting: A management review meeting will be held on October 30, 2023 to report on changes in internal and external issues related to the information security management system, feedback on information security performance, risk assessment results and the status of risk treatment plans, and opportunities for continuous improvement.
- (5) Legal compliance and introduction of international information security certification standards: In 2022, the company's Taiwan headquarters has joined the TWCERTCC Taiwan Computer Network Crisis Management and Coordination Center as a member,

and participates in annual meetings every year to learn and share information security-related experience. In November 2023, the ISO27001:2022 version will be introduced to obtain recommendations and the certificate will be obtained in January 2024 (validity period: 2024/1/18~2027/1/18).

4. Specific management plan

- (1) Strengthen information security education and training: Information security education and training will be arranged for new employees upon arrival. Information security concepts are promoted in weekly meetings every quarter, and information security education training and tests are conducted for all department personnel every year until they pass the test.
- (2) An annual social engineering drill was arranged from 2023/06/20 to 2023/08/11. This drill sent 3 emails to each of 600 users, and a total of 1,800 drill emails were sent. 4.5% of colleagues failed the first time. After education and training, We strengthened publicity and conducted a second social education drill. All colleagues were qualified, and it is expected to continue in 2024. On March 1, 2023, warnings in Chinese and English have been added to external letters: "Reminder: This is an external email. Please confirm that the source of the letter is safe before opening the link or attachment."
- (3) A preliminary test of server vulnerability scanning will be conducted in October 2023, and a retest will be conducted in January 2024. The Exchange server, BPM electronic sign-off server, HRM personnel system server, etc. have been gradually improved. The operating system & database system version has been upgraded to reduce the occurrence of vulnerabilities.
- (4) A new Forti 200F will be purchased in 2023 to replace the old Forti200E, and a new WifiAP will be purchased to replace the old equipment that does not meet the security requirements. It is expected that TLS1.2 or above communication transmission protocols will be adopted in 2024, and the VPN two-factor security authentication mechanism will be fully used in 2023.
- (5) After purchasing DLP encryption software in 2023 and importing the DLP encryption software control for R&D drawing files, the R&D drawing files can only be used within the company's domain. R&D personnel will automatically encrypt the engineering drawing files when they are saved, and they cannot be decrypted without review by the supervisor. Computer use outside the company.

4.6.2 List the losses, impacts and countermeasures caused by major information security incidents in the most recent year and as of the date of publication of the annual report. If it cannot be estimated, the facts that cannot be estimated should be stated: the most recent year and the end of the year as of the publication date of the annual report, there is no loss due to major information security incidents, so it is not applicable.

4.7 Important Contracts

The company has signed relevant supply and sales contracts and engineering contracts with customers and manufacturers, but the above-mentioned contracts have no content that is sufficient to affect shareholders' rights and interests

| Contract type | Contracting party | Term of agreement | Main contents | Restrictive Clauses |
|---------------|-------------------|-----------------------|---------------|---------------------|
| Long - term | Yu-Sun Bank | 2019/12/18~2024/12/15 | Operations | No gurantee |
| Long - term | Huanan Bank | 2019/12/30~2024/12/30 | Operations | No gurantee |
| Long - term | Chung Hwa Bank | 2019/12/11~2029/11/15 | Operations | guranteed |

5. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

5.1 Analysis of Financial Status

Unit: NT\$ thousand

| 項 目 \ Year | 2023 | 2024 | Difference | |
|-------------------------------|------------|------------|------------|----------------|
| | | | Amount | Percentage (%) |
| Current Assets | 7,018,741 | 8,069,915 | 1,051,174 | 14.98 |
| Property, Plant and Equipment | 2,540,155 | 2,795,061 | 254,906 | 10.04 |
| Intangible Assets | 21,646 | 24,553 | 2,907 | 13.43 |
| Other Assets | 575,737 | 637,169 | 61,432 | 10.67 |
| Total Assets | 10,156,279 | 11,526,698 | 1,370,419 | 13.49 |
| Current Liabilities | 4,537,641 | 4,505,159 | (32,482) | (0.72) |
| Non-current Liabilities | 355,743 | 1,136,880 | 781,137 | 219.58 |
| Total Liabilities | 4,893,384 | 5,642,039 | 748,655 | 15.30 |
| Share Capital | 660,914 | 660,914 | 0 | 0.00 |
| Capital Reserve | 1,715,423 | 1,866,597 | 151,174 | 8.81 |
| Reserve Surplus | 2,987,869 | 3,274,643 | 286,774 | 9.60 |
| Other rights | (101,311) | 82,505 | 183,816 | (181.44) |
| Treasury Stock | 5,262,895 | 5,884,659 | 621,764 | 11.81 |
| Non-controlling Interests | 0 | 0 | 0 | 0.00 |
| Total Equity | 5,262,895 | 5,884,659 | 621,764 | 11.81 |

The main reasons for the major changes in the company's assets, liabilities and equity in the last two years (the changes in the previous and later periods are more than 20% and the number of changes is NT\$10 million), the main reasons and the impact and future response plans

1. Other rights : The NT\$183,816 thousand increase in 2024 compared to 2023 was primarily due to an increase in exchange differences from the translation of financial statements of foreign operating entities in 2024.

2. Non-current Liabilities : The NT\$781,137 thousand increase in 2024 compared to 2023 was primarily due to the issuance of the second convertible bond.

5.2 Financial Performance

5.2.1 Analysis of financial performance

Unit: NT\$ thousand

| Item \ Year | 2023 | 2024 | Difference | |
|--|-------------|-------------|-------------|---------------|
| | | | Amount | Percentage(%) |
| Operating income | 8,220,663 | 9,578,170 | 1,357,507 | 16.51 |
| Operating cost | (6,737,414) | (7,992,045) | (1,254,631) | 18.62 |
| Operating profit | 1,483,249 | 1,586,125 | 102,876 | 6.94 |
| Operating expenses | (892,987) | (1,035,899) | (142,912) | 16.00 |
| Net operating profit | 590,262 | 550,226 | (40,036) | (6.78) |
| Non-operating income and expenses | 147,709 | 262,471 | 114,762 | 77.69 |
| Net profit before tax | 737,971 | 812,697 | 74,726 | 10.13 |
| Income tax expense | (202,693) | (235,935) | (33,242) | 16.40 |
| Net profit for the current period | 535,278 | 576,762 | 41,484 | 7.75 |
| Other comprehensive gains and losses | (60,248) | 191,239 | 251,487 | (417.42) |
| Total comprehensive profit and loss for the current period | 475,030 | 768,001 | 292,971 | 61.67 |

5.2.2 Analysis of Changes in Financial Ratios for the Past Two Years

1. Increase in Operating Revenue: Primarily driven by the continued rise in market penetration of foldable smartphones in China, leading to shipment growth.
2. Increase in Operating Costs: Mainly due to the corresponding rise in costs associated with increased revenue.
3. Decrease in Operating Profit: Primarily attributed to the increase in operating costs and expenses.
4. Increase in Profit Before Tax: Mainly due to an increase in non-operating income.
5. Increase in Other Comprehensive Income: Primarily driven by an increase in exchange differences arising from the translation of financial statements of foreign operations.
6. Increase in Total Comprehensive Income for the Period: Mainly due to the increase in other comprehensive income.

5.2.3 Expected Sales Volume for the Next Year, Its Basis, Potential Impact on the Company's Future Financial and Business Operations, and Response Plans

With the inauguration of the Trump administration in the United States implementing policies that impact global economic markets, Jarllytec adopts a cautious outlook for 2025 sales based on industry conditions and order and sales performance as of the annual report's publication date in 2025. As the Company does not publicly disclose financial forecasts, the expected sales volume and its basis are not specified.

5.3 Analysis of Cash Flow

5.3.1 Analysis and explanation of changes in cash flow in recent years

Unit: NT\$ thousand

| Item | Cash Flow | | Change | |
|--|-----------|-----------|-----------|----------|
| | 2023 | 2024 | Amount | % |
| Business Activities | 973,192 | 448,900 | (524,292) | (53.87) |
| Investment Activity | (461,224) | (506,196) | (44,972) | 9.75 |
| Fund Raising | (321,665) | 254,036 | 575,701 | (178.98) |
| Analysis of the change in the increase or decrease ratio: 1. The decrease in net cash inflow from operating activities was due to the increase in inventory in the current period. 2. The decrease in net cash outflow from investing activities was due to the decrease in real estate, plant and equipment acquired during the period. 3. The decrease in net cash inflow from financing activities was due to the decrease in the issuance of corporate bonds in the current period. | | | | |

5.3.2 Improvement plan for insufficient liquidity: N/A

5.3.3 Analysis of cash flow in the coming year

Unit: NT\$ thousand

| Beginning cash Balance | Year-round from business activities Net cash flow | Net cash flow from other activities for the full year | Cash surplus (insufficient) amount | Remedies for insufficient cash | |
|---|--|---|------------------------------------|--------------------------------|------------------|
| | | | | Investment plan | Fundraising plan |
| 3,275,344 | 439,313 | 515,246 | 4,22,9903 | - | - |
| 1. Analysis of cash flow situation in the next year (1) Operating activities: Due to the net cash inflow from the business' profits. (2) Investing activities: Due to net cash outflows from purchasing machinery, equipment and financial products. (3) Financing activities: The main reason is the net cash outflow from the payment of cash dividends. 2. Remedial measures and liquidity analysis for the expected cash shortfall: None. | | | | | |

5.4 The Impact of Major Capital Expenditures on Financial Business in the Most Recent Year

5.4.1 Application of major capital expenditures and sources of funds

Unit: NT\$ thousand

| Plan project | Actual or expected Sources of funds | Actual or Expected Completion Date | Required capital | Scheduled Case |
|----------------------------------|-------------------------------------|------------------------------------|------------------|----------------|
| | | | | 2025 |
| Purchase machinery and equipment | own funds and Bank loan | December 2025 | 508,512 | 508,512 |

5.4.2 Expected to generate benefits

We invest a total of NT\$ 508,512 thousand to purchase machinery and equipment, for the expansion of production capacity to cope with future market expansion.

5.5 Reinvestment Policy in the Most Recent Year, the Main Reasons for its Profit or Loss, Improvement Plan and Investment Plan for the Next Year

5.5.1 Reinvestment policy

The company focuses on long-term holding and reinvests in the mainland, Thailand and Vietnam through third places to set up production bases and set up service bases in Singapore to deploy overseas markets, establish a complete supply chain, serve customers nearby and strive for a wider range of products. market and strengthen the overall competitiveness. From time to time, the company assigns financial and audit personnel to the subsidiary to understand the actual operation and operation status and to check the implementation of internal control operations and report to the parent company to implement control.

5.5.2 Profits or losses from reinvestment

The Company recognized investment income of NT\$649,164 thousand under the equity method for the year 2024, primarily attributable to the profits generated by its subsidiaries.

5.5.3 Investment plan for the next year:

Investment plans shall be established according to the operational requirements of our company and its invested enterprises.

5.6 Analysis of Risk Management

5.6.1 The impact of interest rate, exchange rate changes and inflation on the company's profit and loss and future countermeasures

Interest rate changes and interest expenses

Unit: NT\$ thousand

| | 2024 | As of March 31, 2025 |
|--|-----------|----------------------|
| Interest Income | 75,716 | 10,352 |
| Interest Expense | 28,382 | 9,887 |
| Operating Income | 9,578,170 | 2,627,905 |
| Net profit before tax | 812,697 | 101,849 |
| (Interest Expense - Interest income)/operating income | (0.49)% | (0.02)% |
| (Interest Expense - Interest income)/net profit before tax | (5.82)% | (0.46)% |

The company's current floating-rate assets are mainly bank deposits, and floating-rate liabilities are long-term and short-term loans. At present, the proportion of the company's borrowings is not high, and the working capital is sufficient. There is a large room for flexibility in financial operations to cope with the risk of interest rate changes. The cash flow risk arising from changes is insignificant.

Policies and Responses:

- A. In terms of interest rates, the company refers to domestic and foreign economic research institutions and bank research reports in order to grasp the future trend of interest rates, and maintain smooth communication channels with banks to strive for preferential loan conditions.
- B. Improve the company's financial planning and effectively use various financial tools to reduce the risk of interest rate changes.
- C. In the future, the company will still be based on the principle of conservative and prudent, considering the safety and reasonable income and the idle funds of the company will be deposited in financial institutions with good credit.

(1) Foreign exchange gains and losses

Unit: NT\$ thousand

| | 2024 | As of March 31, 2025 |
|--|-----------|----------------------|
| Net foreign exchange gains (losses) | 88,070 | 20,738 |
| Operating income | 9,578,170 | 2,627,905 |
| Net profit before tax | 812,697 | 101,849 |
| Net foreign exchange gains (losses)/operating income | 0.92% | 0.79% |
| Net foreign exchange (loss)/net profit before tax | 10.84% | 20.36% |

The Group's operating income is mainly denominated in US dollars from overseas sales, and changes in exchange rates mainly affect sales revenue and gross profit. At present, the Group adopts natural risk-avoidance measures and has reached an agreement with several major raw material suppliers. The payment for goods is mainly in US dollars, so as to reduce the impact of exchange rate changes on the company. At the end of 2023, the balance of financial assets after offsetting financial assets and financial liabilities of the group was NT\$2,338,062 thousand (US\$71,315 thousand). If the NT dollar depreciates or

appreciates by 5% against the US dollar, the group's net profit before tax will increase or decrease by about NT\$116,903 thousand.

Policies and Responses:

- A. The company collects information on exchange rate changes at any time, judges the situation of exchange rate changes and takes hedging operations in a timely manner to avoid the risk of exchange rate changes and reduce the adverse impact of exchange rate changes on the company's profit and loss.
 - B. For the foreign exchange positions held, the company will refer to the professional consulting services provided by various financial institutions, fully control the exchange rate trend and determine the favorable time to convert Taiwan dollars depending on the actual capital needs.
 - C. The company will adopt the operation strategy of derivative financial products with the nature of hedging, such as options, pre-purchase forward foreign exchange (Forward), to avoid relevant exchange rate risks according to the changes in the foreign exchange market and the demand for foreign exchange funds., to minimize the impact of exchange rate changes on the company's profit and loss.
- (2) The impact of inflation on the company's profit and loss and future countermeasures
- The purchase amount of the Group in 2024 is NT\$ 5,766,381 thousand. If the inflation rate increases by 1%, the purchase cost of the Company will increase by NT\$ 57,664 thousand.

Policies and Responses:

The company pays attention to the changing trend of international raw material prices at any time and maintains a good cooperative relationship with raw material suppliers to reduce the impact of rising raw material prices. At the same time, the company also continues to achieve the goal of cost reduction through product and process improvement or cost transfer.

5.6.2 Main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees and derivatives transactions in the most recent year

(1) Engage in high-risk, high-leverage investment situations

Based on the principle of prudence and pragmatic business philosophy, the company has not engaged in any high-risk, high-leverage investment except for focusing on long-term investment in the company's related businesses.

(2) Fund loan to others

2024 and as of the date of publication of the annual report, the Group has funds loaned to others. The parent company has, with the approval of the board of directors, lent funds to manufacturers and subsidiaries that need short-term financing; and engage in capital lending due to the necessity of financing.

(3) Endorsement guarantees for others

In 2024 and as of the date of publication of the annual report, the Group has endorsed guarantees for others. As of the date of publication of the annual reports in 2023 and

2024, the parent company has endorsed and guaranteed the investee companies evaluated by the equity method as approved by the board of directors.

(4) Engaging in Derivative Commodities Transactions

The Group's derivatives transactions in 2024 were carried out in accordance with the methods stipulated by the company. As of the publication date of the annual report in 2025, the Group did not engage in derivatives transactions.

The Group's capital lending to others and endorsement guarantees are managed in accordance with the policies and corresponding measures set by the parent company's "Funds Lending and Endorsement and Guarantee Procedures" and the parent company's subsidiary "Funds Lending to Others and Endorsements and Guarantee Procedures." In the future, it will still strictly follow the relevant regulations to protect the best interests of the company.

5.6.3 Future R&D plans and estimated R&D expenses

The company has been actively researching and developing new products and committing to innovative technology as its goal. The new products currently expected to be developed are mainly the electric hinge development plan with a rotating and collapsible flexible screen, and the innovative tablet computer that can automatically close the cross-hinge hinge technology development plan. Art, ultra-thin AR glasses hub technology development plan, ultra-thin flexible screen drop-shaped folding mobile phone hinge development plan, folding flexible screen device laptop hub technology development, light and thin high-efficiency hub structure and high-tech manufacturing research plan painting.

For a variety of supporting new products, the prototype, verification and patent application layout of the design side have been completed and the market promotion has been conducted, which has been affirmed by customers. Therefore, the recent R&D plan is for further joint system design and verification with customers, including the testing and verification of mold parts, fixtures required for automated production processes and products, in preparation for smooth mass production. It is estimated that about NT\$188,000 thousand will be invested in research and development related to manpower, time and equipment in 2025.

| Recent annual R&D plan | Current progress | Estimated amount of R&D expenses | Estimated time to complete mass production | The main factors affecting the success of R&D in the future |
|--|---|----------------------------------|--|---|
| Research and Development of a Wireless Control Electric Ceiling-Mounted Display for Vehicles with Dual-Side Linkage Transmission | Design verification in progress | 48,000 thousand | December 2025 | Mechanism design, process technology |
| Research and Development of a Damping Slow-Releasing Quick-Release Design Hinge for Bluetooth Earphone Charging Cases | Mold opening and verification in progress | 23,000 thousand | December 2025 | Mechanism design, process technology |
| Research and Development of a Multi-Monitor Weight- | Mold opening and | 27,000 thousand | December 2025 | Mechanism design, process technology |

| Recent annual R&D plan | Current progress | Estimated amount of R&D expenses | Estimated time to complete mass production | The main factors affecting the success of R&D in the future |
|--|---|----------------------------------|--|---|
| Compatible Cyclic Lifting Mechanism Bracket | verification in progress | | | |
| Research and Development of a Hinge for Foldable Watch Displays | Mold opening and verification in progress | 30,000 thousand | December 2025 | Mechanism design, process technology |
| Research and Development of an Electrically Synchronized Extending Hinge for Flexible Displays | Design verification in progress | 38,000 thousand | December 2025 | Mechanism design, process technology |
| Research and Development of a Quick-Release Bracket for Mini PCs | Mold opening and verification in progress | 22,000 thousand | December 2025 | Mechanism design, process technology |

5.6.4 The impact of important domestic and foreign policies and legal changes on the company's financial business and countermeasures

The company and its subsidiaries conduct various operations in accordance with relevant laws and regulations and pay attention to changes in important policies and regulations at home and abroad at any time to adjust business policies appropriately. Therefore, important policy and legal changes have not had a significant impact on the Company's financial business.

5.6.5 The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures

The company regularly invests funds related to data communication security every year to ensure that the company's operations are built under a protective framework; it also actively encourages innovation and research, applies for patents on new products and technologies and establishes a comprehensive patent intelligence protection network. In the future, it will also cooperate with market trends and Research and development according to customer needs. Therefore, technological changes and industrial changes have not had a significant impact on the financial business of the Company. For the information security risk management and countermeasures, please refer to this annual report No. 5, Operation Overview No. 6: Information Security Management,.

5.6.6 The impact of corporate image change on corporate crisis management and countermeasures

Since its establishment, the company has always adhered to the principles of professional and honest sustainable operation and there are no relevant reports in the market that are unfavorable to the company's corporate image. Therefore, there is no incident of corporate crisis management caused by changes in corporate image.

5.6.7 Expected benefits, risks and countermeasures of M&A

As of the publication date of the annual report, the company has no plans to acquire other companies.

5.6.8 Expected benefits, risks and countermeasures of plant expansion

In response to business development and customer demand, the company has already deployed in Southeast Asia in advance. As the trade conflict between China and the United States intensifies, the pressure on industrial supply chains to move out of China is increasing. In order to respond to the order demand from American customers, the company plans to expand Jarllytec Vietnam's presence in Vietnam. The scale of the factory is expected to expand the production scale of the company's key products and disperse the risk of excessive concentration of production lines in China. It can also enhance the company's long-term competitiveness through the extensive tariff and trade agreements between Vietnam, Southeast Asia and other countries around the world. The Company has continuously assessed the risks that may arise from insufficient funds, lagging project progress, business order status, etc. before investing in each expansion plant, and has formulated relevant measures to reduce the adverse impact of various risks on the Company's operations.

5.6.9 Risks faced by purchase or concentration of sales and countermeasures

(1) Purchase concentration risk assessment and countermeasures

The company has no suppliers that account for more than 10% of the total purchases. The main raw materials purchased are male and female shafts, mandrels, castings, iron sheets, copper sheets, gaskets, shrapnel, sleeves, screws, nuts and metal powder injection. Each raw material has more than two suppliers as a response and establishes long-term cooperative partnership with suppliers and the supply quality is stable.

(2) Sales concentration risk assessment and countermeasures

The company's main sales customers are domestic and foreign well-known system factories and has established a good reputation among customers and the market share has also maintained a certain level. In recent years, the company has made major breakthroughs in the technology of folding mobile phone hinges, which has also contributed significantly to revenue. In the future, the company will continue to develop new products and actively expand different customer groups to reduce the risk of sales concentration. Customers who accounted for more than 10% of net sales in the last two years, please refer to this annual report No. 5, Operation Overview II: Market, Production and Sales Overview. .

5.6.10 Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of large-scale transfer or replacement of shares on the company

The major shareholders of the company are quite optimistic about the company's prospects, but each shareholder has different considerations for their own investment and financial planning. Based on the needs of safeguarding the company's interests and stabilizing the confidence of the public, the major shareholders must transfer equity. After full communication with the board of directors and the management team, increase investment or transfer through appropriate channels. Therefore, the impact on the Company is quite limited. In addition, to meet the policy requirements of the competent authority and hope that the company's operation and management can be sounder, to make the company's board structure more in line with the spirit of corporate governance, the company's director and supervisor structure has been adjusted slightly. In 2018 The establishment of an audit committee to replace the supervisory powers makes the operation of the board of directors of the company more independent, which is of positive benefit to the company.

5.6.11 The impact, risks and countermeasures of the change of management rights on the company

Company's equity is concentrated in the chairman of the board and other directors and managers. Therefore, the management class has a powerful sense of mission to the company and regards the company's management as a lifelong job. In addition, employees agree with the company's development direction and are willing to Holding the company's stock for a long time and growing together with the company, the company will continue to uphold the stable business philosophy and good management ethics to create the growth of the company's operations and profits and strive for the approval of all shareholders for the management team. To sum up, the Company should have no risk of changes in management rights due to substantial transfer or replacement of equity interests.

5.6.12 The company and its directors, supervisors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares and subordinate companies have decided or are still in the process of major litigation, non- litigation or administrative disputes If the outcome of a lawsuit may have a significant impact on shareholders' rights and interests or securities prices, the facts at issue, the amount of the subject matter, the start date of the lawsuit, the main parties involved and the handling as of the date of publication of the annual report: None.

5.6.13 Other important risks and countermeasures

For the information security risk management and countermeasures, please refer to this annual report No. 5, Operation Overview No. 6: Information Security Management, page.

5.7 Other Important Matters: None

6 Special Disclosure

6.1 Summary of Affiliated Companies

Please refer to the Market Observation Post System (MOPS) at <https://mops.twse.com.tw>
> Single Company > Electronic Document Download > Affiliated Enterprise Reports,
then enter company code 3548 to search for relevant affiliated enterprise data.

6.2 Private Placement Securities in the Most Recent Years: None

6.3 Other Important Notes:

6.3.1 Unfinished OTC commitments: None

6.3.2 Evaluation basis and basis for the method of listing assets and liabilities evaluation items in the financial statements:

| Subjects | Evaluation |
|--|---|
| Allowance for doubtful debts | Accounts that are not overdue - 0%-15% for those overdue for 90 days. For overdue accounts for more than 90 days, the withdrawal rate is 30%-100%. |
| Allowance for sluggish loss of inventories | Raw material warehouse is sluggish for 181-365 days and 50% is listed. excellent product warehouse for more than 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn. semi-finished product Sluggish 91-180 days lift 30%. Sluggish 181-365 days lift 50%. 100% withdrawal over 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn. finished product Sluggish 181-365 days lift 100%. 100% withdrawal over 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn. |

6.4 In the Most Recent Year and as of the Date of Publication of the Annual Report, any Event Specified in Subparagraph 2, Paragraph 3, Article 36 of this Act has Occurred that has a Significant Impact on Shareholders' Rights and Interests or the Price of Securities: