

Stock Code : 3548



# Handbook for the 2022 Annual Meeting of Shareholders

**Date of meeting: June 21, 2022(physical shareholders meetings)**

Place of meeting: No. 13, Wugong 5th Rd., Xinzhuang Dist., New Taipei City (the Company's staff canteen)

**JARLLYTEC CO., LTD.**  
**Handbook for the 2022**  
**Annual Meeting of Shareholders**  
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JARLLYTEC CO., LTD.

**2022 Annual Shareholders' Meeting Procedure**

I.Call meeting to order

II.Chairperson Remarks

III.Reported Matters

IV.Acknowledged Matters

V.Matters for Discussion

VI.Extemporary Motions

VII.Adjournment

# JARLLYTEC CO., LTD.

## 2022 Annual Shareholders' Meeting Agenda

Time: June 21, 2022, (Tuesday), at 9:00 a.m.

Place: No. 13, Wu-gong 5th Rd., Xinzhuang Dist., New Taipei City (the Company's staff canteen)

I. Call meeting to order (report of shareholding attendance)

II. Chairman's Remarks

III. Reported Matters

1. 2021 Business Report of the Company
2. 2021 Annual final accounting ledgers and statements reviewed by audit committee
3. 2021 Employees' and directors' remuneration allocation report
4. 2021 Cash dividend distribution report
5. Report on the Company's indirect investment in China
6. Report the issuance of securities in private placement
7. Report issue of domestic unsecured convertible corporate bonds

IV. Acknowledged Matters:

1. Acknowledgment of the 2021 Business Report and Annual Final Accounting ledgers and Statements
2. 2021 Earnings Distribution Proposal

V. Matters for Discussion

1. Discussion of amendments to the Company's partial Articles of Incorporation
2. Discussion of amendments to the Company's partial Regulations of Directors Election
3. Discussion of amendments to the Company's partial Procedures for Asset Acquisition & Disposal
4. Discussion of amendments to the Company's partial Rules of Procedure for Shareholders Meetings

VI. Extemporaneous Motions

VII. Adjournment

## **Reported Matters**

Report NO.1

Proposal: 2021 Business report, for your approval.

Explanation: 2021 Business report, please refer to P.11-12 of the agenda (attachment 1), for your approval.

Report NO.2

Proposal: 2021 Annual final accounting books and statements audited by audit committee, for your approval.

Explanation: 2021 Annual final accounting books and statements audited by audit committee, and the audit report has been offered, for your approval.

### **JARLLYTEC CO., LTD. Audit Committee's Audit Report**

The board of directors prepared the Company's consolidated financial statements (including individual financial statements), business report and earnings distribution proposal of the year 2021, the consolidated financial statements (included individual financial statements) among them were audited by KPMG, and the audit report has been offered. The consolidated financial statements (including individual financial statements), business report and earnings distribution proposal mentioned above were reviewed and determined to be correct and accurate by the audit committee. The report was made in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, for your examination.

Faithfully  
2022 Annual Shareholders' Meeting of the Company

JARLLYTEC CO., LTD.  
Convener of the audit committee: Yang, Shang-Hsien

May 11, 2022

### Report NO.3

Proposal: 2021 Employees' and directors' remuneration allocation report, for your approval.

Explanation:

1. The Company's profit of the year 2021 was NT\$ 258,959,143 (means benefits before employees' and directors' remuneration allocated was deducted from net income before tax), according to the Company Act and the Company's Articles of Incorporation, directors' remuneration allocation was NT\$ 3,884,386, and employees' remuneration allocation was NT\$ 15,537,548.
2. 2021 Employees' and directors' remuneration allocation proposal was approved by the compensation committee and board of directors.

### Report NO.4

Proposal: 2021 Cash dividend distribution report, for your approval.

Explanation:

1. According to Article 22-1 of the Company's Articles of Incorporation, authorizing board of directors to approve that all or part of dividends and bonus were provided in cash, and reported to a shareholders' meeting.
2. Appropriating NT\$ 120,242,796 of shareholder dividends as cash dividends, allotment per share was NT\$ 2 (means allotment per thousand shares was NT\$ 2,000), cash dividends shall be calculated to dollar, with amounts of less than NT\$ 2.00 unconditionally rounded down. The fractional sum of less than NT\$ 1.00 was recognized in other income.
3. The proposal was approved by a resolution of board of directors, and authorizing the chairman to set the ex-dividend date, the issuance date and other related matters; when the Company's number of outstanding common shares varied, the payout ratio was changed hereafter, and authorizing the chairman to discretionarily adjust.

## Report NO.5

Proposal: reported on the Company's indirect investment in China, for your approval.

Explanation: Reported on related statements about 2021 reinvestment in Mainland China.

Information on overseas branches and representative offices:

1. The names of investees in Mainland China, the main businesses and products, and other information

Unit: NT\$ 1,000

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment note 1	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Invest income (losses) note 2	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Shanghai Jarly	sale and produce special-purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	(22,478)	100.00%	100.00%	(22,478)	450,575	-
Fu-Qing Jarly	sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	28,815	100.00%	100.00%	28,815	919,055	-
Dong Guan Jarly	sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	2,277	100.00%	100.00%	2,277	109,421	15,366
Kunshan Jarly	sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	11,703	100.00%	100.00%	11,703	48,539	-
Jarly Electronic Shanghai	sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	5,079	100.00%	100.00%	5,079	449,026	-
Xiamen Jarly	sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	19,195	100.00%	100.00%	19,195	80,754	-
Chongqing Jarly	sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	(8,234)	100.00%	100.00%	(8,234)	290,284	-

Note 1: Investments are made through one of three ways:

- (1) Direct investment from Mainland China
- (2) Indirect investment from third party country
- (3) Others

Note 2: The recognition of gain and loss on investment based on the financial report which was assured by R.O.C. Accountant.

Note 3: The amount was eliminated in the consolidated financial statements.

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT\$ 735,222	NT\$ 735,222	NT\$ 2,477,692

## Report NO.6

Proposal: Report the issuance of securities in private placement

Explanation:

Whereas the Company proposal of private placement of ordinary shares or private placement of domestic convertible corporate bonds by cash capital increase, adopted on July 7, 2021 by the General Shareholder Meeting, will expire on July 7, 2022, the Company intends to conduct issuance of new shares and 1st issue of domestic unsecured convertible corporate bonds by cash capital increase and doesn't have new capital demand. According to the relevant provisions of private placement and after reporting to the Board of Directors, the Company will not handle the proposal of private placement of ordinary shares or private placement of domestic convertible corporate bonds by cash capital increase adopted on July 7, 2021 by the General Shareholder Meeting upon its expiry.

## Report NO.7

Proposal: Report issue of domestic unsecured convertible corporate bonds

Explanation:

In order to repay bank loans and increasing working capital, the Company issued 1st domestic unsecured convertible corporate bonds on April 28, 2022. The main issuance conditions and related matters are as follows,

Corporate bond type	1st domestic unsecured convertible corporate bonds
Approved Release Date	March 28, 2022 Jin-Guan-Zheng-Fa-Zi No.11103355681
Issue date	April 28, 2022
Denomination	NT\$400,000,000
Issue price	Issued at 109.57% of face value
Total price	NT\$438,284,930
Coupon rate	0%
Tenor	3 years Maturity: April 28, 2025
Consignee	Bank Sinpac Co.,Ltd.
Underwriting institution	SinoPac Securities Co., Ltd.



## Acknowledged Matters

ONE

Proposed by board of directors

Proposal: 2021 Business report and annual final accounting books and statements, for your approval.

Explanation:

1. 2021 Annual financial statements and consolidated financial statements were made, and audited by the accountants Hsu, Ming-Fang and Chuang, Chun-Wei of KPMG, and to issue an auditors' report that includes opinions, together with the business report and earnings distribution statements, were audited by the Company's audit committee, and approved by a resolution of board of directors, for your examination.
2. 2021 Business report, CPA's audit report and financial statements, please refer to P.11-12 (attachment 1) and P.13-29 (attachment 2) of the agenda.

Resolution:

TWO

Proposed by board of directors

Proposal: 2021 Earnings distribution proposal, for your approval

Explanation:

1. 2021 Earnings distribution proposal was approved by a resolution of board of directors, and submitted to the audit committee for approval.
2. Offering 2021 earnings distribution statement is as follows. For your approval.

Resolution:

JARLLYTEC CO., LTD.  
Earnings distribution statement  
2021

Unit: NTD

	Subtotal	Sum
Beginning of period undistributed earnings	1,645,016,712	
Add: 2021 Net profit after tax	247,796,107	
Minus: 2021 Measure on defined benefit plans	(4,291,000)	
Minus: Designated legal reserve	(24,350,511)	
Minus: Designated special reserve	(75,193,620)	
Distributable earnings		1,788,977,688
Distributed items:		
Stock dividend to shareholders	0	
Cash dividend to shareholders (per share NT\$ 2.0)	(120,242,796)	
Accumulated undistributed earnings		1,668,734,892

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

## Matters for Discussion

ONE

Proposed by board of directors

Proposal: Discussion of amendments to the Company's partial Articles of Incorporation, for your approval

Explanation: To comply with the Company's actual operating needs, revising partial articles of Articles of Incorporation, and comparison of amended articles, please refer to P.30-31 (attachment 3), for your approval.

Resolution:

TWO

Proposed by board of directors

Proposal: Discussion of amendments to the Company's partial Regulations of Directors Election, for your approval

Explanation: To comply with the Company's actual operating needs, revising partial articles of Regulations of Directors Election, and comparison of amended articles, please refer to P.32-33 (attachment 4), for your approval.

Resolution:

THREE

Proposed by board of directors

Proposal: Discussion of amendments to the Company's partial Procedures for Asset Acquisition & Disposal, for your approval

Explanation: To comply with the regulations and the Company's actual operating needs, revising partial articles of Procedures for Asset Acquisition & Disposal, and comparison of amended articles, please refer to P.34-63 (attachment 5), for your approval.

Resolution:

FOUR

Proposed by board of directors

Proposal: Discussion of amendments to the Company's partial Rules of Procedure for Shareholders Meetings, for your approval

Explanation: To comply with the regulations and the Company's actual operating needs, revising partial articles of Rules of Procedure for Shareholders Meetings, and comparison of amended articles, please refer to P.64-71 (attachment 6), for your approval.

Resolution:

## Extemporany Motions

### Adjournment

## Attachment 1 Business Report

### 2021 Business Report

#### 1. Annual summary and future prospects

The Covid-19 pandemic casted a dark cloud worldwide in 2021. With the repeated pandemic, shortage of containers, price hike of shipping costs due to port congestions and shortage of raw materials, and dual control policy of energy consumptions in China, brought a lot of difficulties to the overall operation. Despite facing such a changing environment, the Company faces its difficulties head on, and with the efforts of all its employees, the operating income for this year has made a leap forward and set a new record.

With the launch of foldable phones by each major mobile phone manufacturers, the display supply chain consulting company, DSCC, estimates that the shipments of foldable smartphones will increase by 132% to 17.5 million units in 2022. The Company has been deeply involved in the hinges of folding products for years. Based on solid technology, we actively invest in technological developments. At present, the Company has made major breakthroughs in the technology of folding mobile phone hinges, and has also made great contributions to revenue. It has become an important segment of the Company's business territory.

Looking forward to the future, in the post-pandemic era with rising vaccine coverage, market research agencies expect that the related demand driven by the pandemic will gradually slow down this year. The desktop computer market showed a flat trend, with a shipment of about 79 million units; laptop demand decreased by about 3.3% a year, down to 237 million units, but still strong compared to about 160 million units before the pandemic. In the era of digital acceleration, the Company keeps mastering the market trends, continues to develop new products related to hinges, such as foldable tablets and foldable laptops, and fully demonstrates its competitive strength to create new opportunities.

In addition to pursuing profitable growth, the Company adheres to its original mission of giving back to the society to implement corporate social responsibilities. Given the increasingly serious global climate problem, we have taken the climate change risk into consideration for sustainable operations. We focus on energy saving and carbon reduction, aggressively engage in ESG (Environment, Social, Governance) related issues, and encourage employees to participate in various public welfare activities together to practice the spirit of corporate citizenship.

#### 2. Operational results

##### (1) Financial performance

Consolidated revenue for the year 2021 was NT\$7.447 billion, an increase of about 34.27% compared to the first half of the year. Net profit for the current period fell to 248 million due to rising costs of raw materials and exchange rate fluctuations, a decline of 18.13% compared to the first half year of the year. Basic earnings per share was NT\$4.12.

##### (2) Research and development

The investment in research and development in 2021 was NT\$279,822,000, accounting for approximately 3.76% of total revenue, and an increase of NT\$49,150,000 compared to NT\$230,672,000 in 2020. The Company now mainly focuses on the research and development of laptop hinges, all-in-one computers (AIO PC), LCD monitor stands and foldable phone hinges, and does the research together with customers to develop hinge structures for foldable phones with flexible display screens. In the area of LCD monitor stands, the Company integrates electronic technologies, and continuously applies the integrated design of electronic parts and stands to the products that were made thinner. In the area of foldable phone hinges, we have reached considerable breakthroughs and progress that the products have been verified by the customers and recognized by the market. In addition, we deepen the interactions with

end customers to conduct product seminars, and further fully master the future development trend of the market and technologies of research and development. Meanwhile, for the internal R&D department, we actively encourage innovative research, reward innovations of new product developments, apply for patents for new products and technologies, build a sound protection network for patents and intellectual properties, and strengthen product competitiveness.

### **3. 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.

#### (2) Sales volume forecast and its basis

The Company has no financial forecasts to be disclosed for the year 2022, therefore, there is no explanation for the expected sales volume and its basis.

### **4. 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) According to Market Intelligence & Consulting Institute (MIC) research, under the slow expansion of upstream wafer production capacity and crowding out of popular industries such as mobile phone and automobiles, the unstable supply of laptop materials will continue to the year 2022. We maintain a good strategic partnership with suppliers under a sound financial program, and make sure to provide continuously excellent product quality. We also strengthened the upstream and downstream layout of the supply chain, adjusted production schedules, increased safe inventory levels, etc., so that we can respond to the changes of the external environment.
- (3) Regarding the overall business environment, due to the accelerated replacement of old products, such as LCDs and laptops, the shortening of product life cycles, resulting in a decline in selling prices and further compressing the profit margins, the Company continuously improves the process, accelerates vertical integration, and persists in reducing manufacturing costs. In addition, the Company continuously invests in research and development to develop new products that meet the customers' demands, and involves itself in more application fields as a mid- and long-term growth driver.

Thanks to all shareholders for the support and trust in Jarlleytec, we will continue to implement corporate governance and 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

## **Independent Auditors' Report**

To the Board of Directors of Jarlytec Co., Ltd.:

### **Opinion**

We have audited the financial statements of Jarlytec Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judge that shall be communicated in the audit report are as follows:

#### 1. Revenue recognition

Please refer to Note 4(m) "Revenue recognition"

Description of key audit matter:

The major business of the Group is the development and manufacturing of various hinges which are applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.
- (2) Testing the manual control of sales and collection cycle.
- (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.
- (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

## 2. Impairment evaluation of accounts receivable

Please refer to Note 4(f)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(c) “Notes and accounts receivables”.

Description of key audit matter:

The Company measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management’s judgement. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.
- (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.
- (3) Evaluating the adequacy of the Company’s disclosure for bad debt allowance.

## 3. Inventory valuation

Please refer to Note 4(g) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Examining the inventory aging report and analyzing the trends of inventory aging.



- (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.
- (3) Assessing the adequacy of the Company's disclosure for inventories.

### **Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of **parent company only** financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming-Fang and Zhuang, Jun-Wei.

KPMG

Taipei, Taiwan (Republic of China)  
March 2, 2022

#### **Notes to Readers**

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
JARLLYTEC CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents(Note 6(a))	\$ 680,947	10	653,396	10	2100	Short-term borrowings(Note 6(i) and 8)	\$ 215,000	3	240,000	4
1170	Notes and accounts receivables, net(Note 6(c)(q))	1,426,061	21	932,974	15	2170	Notes and accounts payables	379,042	5	140,731	2
1180	Accounts receivables - related parties, net(Note 6(c)(q) and 7)	16,698	-	11,437	-	2180	Accounts payables - related parties(Note 7)	806,331	12	587,321	10
1200	Other receivables, net(Note 6(d))	21,022	-	21,226	-	2200	Other payables	520,297	8	346,231	5
1210	Other receivables - related parties(Note 6(d) and 7)	84,311	1	44,335	1	2220	Other payables - related parties(Note 7)	4,079	-	29,897	-
1220	Current tax assets	-	-	23,110	-	2230	Income tax payable	9,819	-	-	-
130X	Inventories(Note 6(e))	232,915	4	130,894	2	2280	Current lease liabilities(Note 6(k))	257	-	207	-
1410	Prepayments and other current assets (Note 8)	27,072	-	32,627	1	2300	Other current liabilities	20,523	-	6,322	-
	<b>Total current assets</b>	<u>2,489,026</u>	<u>36</u>	<u>1,849,999</u>	<u>29</u>	2322	Long-term borrowings, current portion(Note 6(j) and 8)	209,043	3	249,978	4
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<u>2,164,391</u>	<u>31</u>	<u>1,600,687</u>	<u>25</u>
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	65,262	1	71,821	1		<b>Non-Current liabilities:</b>				
1550	Investments accounted for using equity method, net(Note 6(f))	2,727,073	39	2,699,059	43	2540	Long-term borrowings(Note 6(j) and 8)	438,350	6	394,835	7
1600	Property, plant and equipment(Note 6(g) and 8)	1,533,493	22	1,609,766	26	2570	Deferred income tax liabilities(Note 6(n))	148,354	2	169,694	3
1755	Right-of-use assets(Note 6(h))	734	-	200	-	2580	Non-current lease liabilities(Note 6(k))	521	-	-	-
1780	Intangible assets	10,746	-	8,842	-	2640	Net defined benefit liability, non-current(Note 6(m))	46,794	1	24,436	-
1840	Deferred income tax assets(Note 6(n))	39,629	1	47,384	1	2670	Other non-current liabilities, others	340	-	840	-
1915	Prepayments for business facilities	52,408	1	4,264	-		<b>Total non-current liabilities</b>	<u>634,359</u>	<u>9</u>	<u>589,805</u>	<u>10</u>
1990	Other non-current assets, others(Note 8)	9,867	-	10,637	-		<b>Total liabilities</b>	<u>2,798,750</u>	<u>40</u>	<u>2,190,492</u>	<u>35</u>
	<b>Total non-current assets</b>	<u>4,439,212</u>	<u>64</u>	<u>4,451,973</u>	<u>71</u>		<b>Equity (Note 6(o)):</b>				
	<b>Total assets</b>	<u>\$ 6,928,238</u>	<u>100</u>	<u>6,301,972</u>	<u>100</u>	3110	Ordinary share	601,214	9	601,214	10
						3200	Capital surplus	1,334,534	20	1,334,534	21
							Retained earnings:				
						3310	Legal reserve	380,412	5	349,873	5
						3320	Special reserve	1,292	-	50,236	1
						3350	Unappropriated retained earnings	1,888,521	27	1,776,915	28
							Total retained earnings	<u>2,270,225</u>	<u>32</u>	<u>2,177,024</u>	<u>34</u>
							Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(95,607)	(1)	(26,973)	-
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	19,122	-	25,681	-
							Other equity	(76,485)	(1)	(1,292)	-
							<b>Total equity</b>	<u>4,129,488</u>	<u>60</u>	<u>4,111,480</u>	<u>65</u>
							<b>Total liabilities and equity</b>	<u>\$ 6,928,238</u>	<u>100</u>	<u>6,310,972</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
JARLLYTEC CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note 6(q) and 7)</b>	\$ 3,551,941	100	1,920,084	100
5000	<b>Operating costs (Note 6(e)(k)(m) and 7)</b>	2,995,433	84	1,660,270	86
	<b>Gross profit</b>	556,508	16	259,814	14
5920	Unrealized loss (profit) from sales	(383)	-	(370)	-
	<b>Net gross profit</b>	556,125	16	259,444	14
	<b>Operating expenses (Note 6(c)(k)(m)(r)):</b>				
6100	Selling expenses	264,677	7	117,475	6
6200	Administrative expenses	146,013	4	126,383	7
6300	Research and development expenses	121,182	3	150,219	8
6450	Expect credit loss (gain)	(1,855)	-	2,384	-
	<b>Total operating expenses</b>	530,017	14	396,461	21
	<b>Net operating income (loss)</b>	26,108	2	(137,017)	(7)
	<b>Non-operating income and expenses:</b>				
7010	Other income (Note 6(s) and 7)	165,310	5	166,011	9
7020	Other gains and losses, net (Note 6(s) and 7)	(22,740)	(1)	(19,271)	(1)
7050	Finance costs (Note 6(k)(s))	(5,721)	-	(5,025)	-
7070	Share of profit of associates accounted for using equity method	96,608	3	305,600	16
7100	Interest income (Note 6(s))	1,302	-	2,646	-
7630	Foreign exchange losses	(21,330)	(1)	(36,592)	(2)
	<b>Total non-operating income and expenses</b>	213,429	6	413,369	22
7900	<b>Profit from continuing operations before tax</b>	239,537	8	276,352	15
7950	Less: Income tax expenses (gains) (Note 6(n))	(8,258)	-	(26,332)	(1)
	<b>Profit</b>	247,795	8	302,684	16
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Losses on remeasurements of defined benefit plans (Note 6(m))	(4,291)	-	2,711	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(6,559)	-	25,681	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(10,850)	-	28,392	1
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(68,634)	(2)	23,263	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(68,634)	(2)	23,263	1
8300	<b>Other comprehensive income, net of tax</b>	(79,484)	(2)	51,655	2
8500	<b>Total comprehensive income</b>	<u>\$ 168,311</u>	<u>6</u>	<u>354,339</u>	<u>18</u>
	<b>Earnings per share (NT dollars) (Note 6(p))</b>				
9750	Basic earnings per share	<u>\$ 4.12</u>		<u>5.03</u>	
9850	Diluted earnings per share	<u>\$ 4.10</u>		<u>5.00</u>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2020</b>	\$ 601,214	1,334,534	303,404	-	1,718,528	(50,236)	-	3,907,444
Profit	-	-	-	-	302,684	-	-	302,684
Other comprehensive income	-	-	-	-	2,711	23,263	25,681	51,655
Total comprehensive income	-	-	-	-	305,395	23,263	25,681	354,339
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	46,469	-	(46,469)	-	-	-
Special reserve	-	-	-	50,236	(50,236)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(150,303)	-	-	(150,303)
<b>Balance at December 31, 2020</b>	601,214	1,334,534	349,873	50,236	1,776,915	26,973	25,681	4,111,480
Profit	-	-	-	-	247,795	-	-	247,795
Other comprehensive income	-	-	-	-	(4,291)	(68,634)	(6,559)	(79,484)
Total comprehensive income	-	-	-	-	243,504	(68,634)	(6,559)	168,311
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	30,539	-	(30,539)	-	-	-
Special reserve	-	-	-	(48,944)	48,944	-	-	-
Cash dividends of ordinary share	-	-	-	-	(150,303)	-	-	(150,303)
<b>Balance at December 31, 2021</b>	\$ 601,214	1,334,534	380,412	1,292	1,888,521	(95,607)	19,122	4,129,488

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**JARLLYTEC CO., LTD.**

**Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 239,537	276,352
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	125,664	125,426
Amortization expense	8,079	5,854
Expected credit loss	(1,856)	2,384
Interest expense	5,721	5,025
Interest revenue	(1,302)	(2,646)
Dividend revenue	(7,844)	(1,015)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(96,608)	(305,600)
Gain from disposal of property, plant and equipment	(590)	(1,026)
Unrealized loss from sales	383	370
<b>Total adjustments to reconcile profit (loss)</b>	<u>31,647</u>	<u>(171,228)</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivables	(236)	(496)
Accounts receivables	(490,995)	(563,446)
Accounts receivables-related parties	(5,261)	(3,531)
Other receivables	73	1,895
Other receivable-related parties	(39,976)	8,226
Inventories	(102,021)	71,878
Prepayments	(6,964)	1,799
Other current assets	(2,327)	8,149
Other financial assets	14,846	28,993
Notes payables	12,183	(3,508)
Accounts payables	226,128	(24,555)
Accounts payables-related parties	219,010	509,258
Other payables	174,083	(8,565)
Other payables-related parties	(25,818)	(83,197)
Other current liabilities	14,201	3,465
Net defined benefit liability	18,067	699
<b>Total changes in operating assets and liabilities</b>	<u>4,993</u>	<u>(52,936)</u>
<b>Total adjustments</b>	<u>36,640</u>	<u>(224,164)</u>
Cash inflow generated from operations	276,177	52,188
Interest received	1,433	2,507
Interest paid	(5,738)	(4,922)
Income taxes (paid) refund	27,602	(5,971)
<b>Net cash flows from operating activities</b>	<u>299,474</u>	<u>43,802</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of investments accounted for using equity method	(423)	(50,000)
Acquisition of property, plant and equipment	(56,602)	(226,191)
Proceeds from disposal of property, plant and equipment	8,044	2,506
Acquisition of intangible assets	(5,450)	(3,030)
Decrease (increase) in prepayments for business facilities	(48,144)	106,871
Increase in other non-current assets	(3,763)	(9,659)
Dividends received	7,844	16,381
<b>Net cash flows used in investing activities</b>	<u>(98,494)</u>	<u>(163,122)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(25,000)	160,000
Proceeds from long-term borrowings	473,412	367,507
Repayments of long-term borrowings	(470,832)	(31,250)
Payment of lease liabilities	(206)	(302)
Increase in other non-current liabilities	(500)	500
Cash dividends paid	(150,303)	(150,303)
<b>Net cash flows from financing activities</b>	<u>(173,429)</u>	<u>346,152</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	27,551	226,832
<b>Cash and cash equivalents at beginning of period</b>	653,396	426,564
<b>Cash and cash equivalents at end of period</b>	<u>\$ 680,947</u>	<u>653,396</u>

## **Independent Auditors' Report**

To the Board of Directors of Jarllytec Co., Ltd.:

### **Opinion**

We have audited the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we judge that shall be communicated in the audit report are as follows:

## 1. Revenue recognition

Please refer to Note 4(m) “Revenue recognition”

Description of key audit matter:

The major business of the Group is the development and manufacturing of various hinges which applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.
- (2) Testing the manual control of sales and collection cycle.
- (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.
- (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

## 2. Impairment evaluation of accounts receivable

Please refer to Note 4(g)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) Significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(c) Notes and accounts receivables.

Description of key audit matter:

The Group measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management’s judgement. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.
- (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.
- (3) Evaluating the adequacy of the Group’s disclosure for bad debt allowance.



### 3. Inventory valuation

Please refer to Note 4(h) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory and may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Examining the inventory aging report and analyzing the trends of inventory aging.
- (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.
- (3) Assessing the adequacy of the Group’s disclosure for inventories.

### **Other Matter**

Jarlllytec Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming-Fang and Zhuang, Jun-Wei.

KPMG

Taipei, Taiwan (Republic of China)

March 2, 2022

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**JARLLYTEC CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,887,924	21	2,014,173	25	2100	Short-term borrowings (Note 6(j) and 8)	\$ 652,614	7	384,238	5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	38,133	-	27,800	-	2170	Notes and accounts payables	2,255,730	25	1,690,857	21
1170	Notes and accounts receivables, net (Note 6(c)(r))	3,182,375	35	2,331,878	29	2200	Other payables	1,058,947	12	746,949	10
1200	Other receivables, net (Note 6(d))	53,009	1	31,498	1	2230	Current tax liabilities	28,096	-	28,800	-
1220	Current tax assets	3,569	-	23,110	-	2280	Current lease liabilities (Note 6(l))	14,912	-	26,270	-
130X	Inventories (Note 6(e))	804,772	10	601,782	8	2300	Other current liabilities	38,733	-	22,162	-
1410	Prepayments other current assets (Note 6(f) and 8)	117,360	1	131,490	3	2322	Long-term borrowings, current portion (Note 6(k) and 8)	209,043	2	249,978	3
	<b>Total current assets</b>	<b>6,087,142</b>	<b>68</b>	<b>5,161,731</b>	<b>66</b>		<b>Total current liabilities</b>	<b>4,258,075</b>	<b>46</b>	<b>3,149,254</b>	<b>39</b>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,564	-	2,877	-	2540	Long-term borrowings (Note 6(k) and 8)	438,350	5	394,835	6
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	90,631	1	93,225	1	2570	Deferred income tax liabilities (Note 6(o))	148,354	2	169,694	2
1600	Property, plant and equipment (Note 6(g) and 8)	2,412,499	27	2,226,593	27	2580	Non-current lease liabilities (Note 6(l))	25,065	-	53,856	1
1755	Right-of-use assets (Note 6(h))	210,043	2	194,659	3	2640	Net defined benefit liability, non-current (Note 6(n))	46,794	1	24,436	-
1780	Intangible assets (Note 6(i))	21,821	-	16,671	-	2670	Other non-current liabilities, others	2,355	-	4,582	-
1840	Deferred income tax assets (Note 6(o))	39,629	-	47,384	1		<b>Total non-current liabilities</b>	<b>660,918</b>	<b>8</b>	<b>647,403</b>	<b>9</b>
1915	Prepayments for business facilities	117,357	1	103,183	1		<b>Total liabilities</b>	<b>4,918,993</b>	<b>54</b>	<b>3,796,657</b>	<b>48</b>
1990	Other non-current assets, others (Note 6(f) and 8)	67,795	1	61,814	1		<b>Equity (Note 6(p)):</b>				
	<b>Total non-current assets</b>	<b>2,961,339</b>	<b>32</b>	<b>2,746,406</b>	<b>34</b>	3110	Ordinary share	601,214	7	601,214	8
						3200	Capital surplus	1,334,534	15	1,334,534	17
							Retained earnings:				
						3310	Legal reserve	380,412	4	349,873	4
						3320	Special reserve	1,292	-	50,236	1
						3350	Unappropriated retained earnings	1,888,521	21	1,776,915	22
							Total retained earnings	2,270,225	25	2,177,024	27
							Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(95,607)	(1)	(26,973)	-
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	19,122	-	25,681	-
							Other equity	(76,485)	(1)	(1,292)	-
							<b>Total equity</b>	<b>4,129,488</b>	<b>46</b>	<b>4,111,480</b>	<b>52</b>
							<b>Total liabilities and equity</b>	<b>\$ 9,048,481</b>	<b>100</b>	<b>7,908,137</b>	<b>100</b>
	<b>Total assets</b>	<b>\$ 9,048,481</b>	<b>100</b>	<b>7,908,137</b>	<b>100</b>						

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**JARLLYTEC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note 6(r))</b>	\$ 7,446,666	100	5,546,230	100
5000	<b>Operating costs (Note 6(e)(n))</b>	6,217,941	83	4,418,960	80
	<b>Net gross profit</b>	<u>1,228,725</u>	<u>17</u>	<u>1,127,270</u>	<u>20</u>
	<b>Operating expenses (Note 6(c)(l)(n)(s)):</b>				
6100	Selling expenses	414,314	6	299,022	5
6200	Administrative expenses	310,598	4	291,592	5
6300	Research and development expenses	279,822	4	230,672	4
6450	Expected credit gain	(5,960)	-	(3,026)	-
	<b>Total operating expenses</b>	<u>998,774</u>	<u>14</u>	<u>818,260</u>	<u>14</u>
	<b>Net operating income</b>	<u>229,951</u>	<u>3</u>	<u>309,010</u>	<u>6</u>
	<b>Non-operating income and expenses (Note 6(l)(t)):</b>				
7010	Other income	148,066	2	219,550	4
7020	Other gains and losses, net	(83,998)	(1)	(158,699)	(3)
7050	Finance cost	(11,838)	-	(10,366)	-
7100	Interest income	6,841	-	8,722	-
	<b>Total non-operating income and expenses</b>	<u>59,071</u>	<u>1</u>	<u>59,207</u>	<u>1</u>
	<b>Profit from continuing operations before tax</b>	<u>289,022</u>	<u>4</u>	<u>368,217</u>	<u>7</u>
7950	Less: Income tax expenses (Note 6(o))	<u>41,227</u>	<u>1</u>	<u>65,533</u>	<u>2</u>
	<b>Profit</b>	<u>247,795</u>	<u>3</u>	<u>302,684</u>	<u>5</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Losses on remeasurements of defined benefit plans (Note 6(n))	(4,291)	-	2,711	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(6,559)	-	25,681	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(10,850)</u>	<u>-</u>	<u>28,392</u>	<u>1</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(68,634)	(1)	23,263	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(68,634)</u>	<u>(1)</u>	<u>23,263</u>	<u>-</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>(79,484)</u>	<u>(1)</u>	<u>51,655</u>	<u>1</u>
8500	<b>Total comprehensive income</b>	<u>\$ 168,311</u>	<u>2</u>	<u>354,339</u>	<u>6</u>
	<b>Earnings per share (NT dollars) (Note 6(q))</b>				
9750	Basic earnings per share	<u>\$ 4.12</u>		<u>5.03</u>	
9850	Diluted earnings per share	<u>\$ 4.10</u>		<u>5.00</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**JARLLYTEC CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total equity
	Retained earnings					Other equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2020</b>	\$ 601,214	1,334,534	303,404	-	1,718,528	(50,236)	-	3,907,444
Profit	-	-	-	-	302,684	-	-	302,684
Other comprehensive income	-	-	-	-	2,711	23,263	25,681	51,655
<b>Total comprehensive income</b>	-	-	-	-	305,395	23,263	25,681	354,339
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	46,469	-	(46,469)	-	-	-
Special reserve	-	-	-	50,236	(50,236)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(150,303)	-	-	(150,303)
<b>Balance at December 31, 2020</b>	601,214	1,334,534	349,873	50,236	1,776,915	(26,973)	25,681	4,111,480
Profit	-	-	-	-	247,795	-	-	247,795
Other comprehensive income	-	-	-	-	(4,291)	(68,634)	(6,559)	79,484
<b>Total comprehensive income</b>	-	-	-	-	243,504	(68,634)	(6,559)	168,311
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	30,539	-	(30,539)	-	-	-
Special reserve	-	-	-	(48,944)	48,944	-	-	-
Cash dividends of ordinary share	-	-	-	-	(150,303)	-	-	(150,303)
<b>Balance at December 31, 2021</b>	<b>\$ 601,214</b>	<b>1,334,534</b>	<b>380,412</b>	<b>1,292</b>	<b>1,888,521</b>	<b>(95,607)</b>	<b>19,122</b>	<b>4,129,488</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**JARLLYTEC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 289,022	368,217
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	254,396	221,818
Amortization expense	23,629	20,908
Expected credit gain	(5,960)	(3,026)
Interest expense	11,838	10,366
Interest revenue	(6,841)	(8,722)
Dividend revenue	(13,382)	(6,933)
Loss (gain) from disposal of property, plant and equipment	1,158	(735)
Net loss on financial assets or liabilities at fair value through profit or loss	(207)	1,425
<b>Total adjustments to reconcile profit (loss)</b>	<u>264,631</u>	<u>235,101</u>
<b>Changes in operating assets and liabilities:</b>		
Current financial assets at fair value through profit or loss	21,595	(29,102)
Notes receivables	(1,090)	(496)
Accounts receivables	(843,447)	(325,868)
Other receivables	(22,755)	4,428
Inventories	(202,990)	(62,367)
Prepayments	(11,837)	(21,927)
Other current assets	18,732	29,061
Notes payables	12,183	(3,508)
Accounts payables	552,690	392,139
Other payables	311,768	108,606
Other current liabilities	16,571	10,768
Net defined benefit liability	18,067	699
<b>Total changes in operating assets and liabilities</b>	<u>(130,513)</u>	<u>102,433</u>
<b>Total adjustments</b>	<u>134,118</u>	<u>337,534</u>
Cash inflow generated from operations	423,140	705,751
Interest received	8,085	8,346
Dividends received	935	-
Interest paid	(9,494)	(9,956)
Income taxes paid	(35,975)	(117,808)
<b>Net cash flows from operating activities</b>	<u>386,691</u>	<u>586,333</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(1,386,127)	(2,364,654)
Proceeds from disposal of financial assets at fair value through profit or loss	1,355,719	2,361,654
Acquisition of financial assets at fair value through other comprehensive income	(4,127)	-
Acquisition of property, plant and equipment	(424,916)	(468,629)
Proceeds from disposal of property, plant and equipment	11,131	8,354
Acquisition of intangible assets	(12,555)	(4,013)
Acquisition of right-of-use assets	(72,139)	-
Decrease (increase) in prepayments for equipment	(14,174)	30,254
Increase in other non-current-assets	(22,247)	(26,372)
Dividends received	12,447	6,933
<b>Net cash flows used in investing activities</b>	<u>(556,988)</u>	<u>(456,473)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	268,376	292,138
Proceeds from long-term borrowings	473,412	367,507
Repayments of long-term borrowings	(470,832)	(31,250)
Payment of lease liabilities	(37,932)	(44,804)
Increase (decrease) in other non-current liabilities	(2,227)	568
Cash dividends paid	(150,303)	(150,303)
<b>Net cash flows from financing activities</b>	<u>80,494</u>	<u>433,856</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(36,446)	14,935
<b>Net increase (decrease) in cash and cash equivalents</b>	(126,249)	578,651
<b>Cash and cash equivalents at beginning of period</b>	2,014,173	1,435,522
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,887,924</u>	<u>2,014,173</u>

Attachment 3 Comparison of Amendment of Articles of Incorporation

Amended articles	Current articles	Revised explanation
<p>Article 9-1  <u>After the resolution of the Board of Directors, the Company's shareholders' meeting can be held at a hybrid shareholders meeting (to be distributed on-site at the meeting and shared on the virtual meeting platform), virtual-only shareholders meeting or other methods specified by the central competent authority. The conditions, operating procedures and other matters to be complied with by the Company shall be handled in accordance with the regulations of the securities competent authority.</u></p>		<p>To comply with the Company's actual operating needs</p>
<p>Article 22-1            If the Company had earnings at the end of the fiscal year, the Company shall first have paid 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 have 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.  <u>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.</u>            The future dividend policy of the Company will be expanded with the Company's business development, taking</p>	<p>Article 22-1            If the Company had earnings at the end of the fiscal year, the Company shall first have paid 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 have 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.            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.</p>	<p>Cooperate with the amendment of the law.</p>



Amended articles	Current articles	Revised explanation
<p>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.</p>		
<p>Article 30  The Articles of Incorporation was drawn up on June 25, 2004.  The 1st amendment was made on December 3, 2004.  The 2nd amendment was made on June 30, 2005.  The 3rd amendment was made on May 30, 2006.  The 4th amendment was made on June 30, 2006.  The 5th amendment was made on June 13, 2007.  The 6th amendment was made on June 19, 2008.  The 7th amendment was made on June 19, 2009.  The 8th amendment was made on June 18, 2010.  The 9th amendment was made on June 6, 2012.  The 10th amendment was made on June 10, 2013.  The 11th amendment was made on June 21, 2016.  The 12th amendment was made on June 21, 2018.  The 13th amendment was made on June 18, 2019.  The 14th amendment was made on June 19, 2020.  The 15th amendment was made on July 7, 2021.  <u>The 16th amendment was made on June 21, 2022.</u></p>	<p>Article 30  The Articles of Incorporation was drawn up on June 25, 2004.  The 1st amendment was made on December 3, 2004.  The 2nd amendment was made on June 30, 2005.  The 3rd amendment was made on May 30, 2006.  The 4th amendment was made on June 30, 2006.  The 5th amendment was made on June 13, 2007.  The 6th amendment was made on June 19, 2008.  The 7th amendment was made on June 19, 2009.  The 8th amendment was made on June 18, 2010.  The 9th amendment was made on June 6, 2012.  The 10th amendment was made on June 10, 2013.  The 11th amendment was made on June 21, 2016.  The 12th amendment was made on June 21, 2018.  The 13th amendment was made on June 18, 2019.  The 14th amendment was made on June 19, 2020.  The 15th amendment was made on July 7, 2021.</p>	<p>Added amended dates.</p>

Attachment 4 Comparison of Amendment of Regulations of Directors Election

Amended articles	Current articles	Revised explanation
<p>Article 11 The electors shall fill in information in accordance with the regulations specified on the ballot. When the elected is shareholder, shall fill in the name and shareholder’s account number in the column of the elected on the ballots; if he/she is not a shareholder, the name and I. D. number of the elected shall be filled in. However, when the government or a juristic shareholder is the elected, the column of the elected name on the ballots shall be filled in the name of the government or a juristic person, when the representative of the government or a juristic person is the elected, the name of government or a juristic person and the representatives’ names shall be filled in; if there are some representatives, the representatives’ names shall be separately filled in. <u>The above ballots can be filled out by checking the list of “candidates” compiled by the Company. However, this does not apply to shareholders exercising their voting rights through electronic voting.</u></p>	<p>Article 11 The electors shall fill in information in accordance with the regulations specified on the ballot. When the elected is shareholder, shall fill in the name and shareholder’s account number in the column of the elected on the ballots; if he/she is not a shareholder, the name and I. D. number of the elected shall be filled in. However, when the government or a juristic shareholder is the elected, the column of the elected name on the ballots shall be filled in the name of the government or a juristic person, when the representative of the government or a juristic person is the elected, the name of government or a juristic person and the representatives’ names shall be filled in; if there are some representatives, the representatives’ names shall be separately filled in.</p>	<p>To comply with the Company’s actual operating needs</p>
<p>Article 13 A ballot is invalid under any of the following circumstances: (1)The ballot was not prepared in accordance with the regulations. (2)A blank ballot is placed in the ballot box. (3)The writing is unclear and indecipherable or has been altered. (4)<u>Fill in or tick two or more candidates.</u> (5)Other words or marks are entered in addition to the account name (name) of the elected or shareholder’s account number (I. D. number), and the number of voting rights allotted. (6)The name of the filled elected is the same as other shareholder’s name, and recognizable shareholder’s account number or I. D. number are</p>	<p>Article 13 A ballot is invalid under any of the following circumstances: (1)The ballot was not prepared in accordance with the regulations. (2)A blank ballot is placed in the ballot box. (3)The writing is unclear and indecipherable or has been altered. (4)<u>When the filled elected is shareholder, the name and shareholder’s account number do not conform to the roster; when the filled elected is not shareholder, the name and I. D. number of the elected do not conform to the director candidate list.</u> (5)Other words or marks are entered in addition to the account name (name) of the elected or shareholder’s</p>	<p>Met the Company’s operational needs</p>

Amended articles	Current articles	Revised explanation
<p>not filled in.</p> <p>(7)<u>The total number of voting rights allocated is more than the number of votes held by the elector.</u></p> <p>(8)The number of filled elected exceeds the number of places that should be selected.</p>	<p>account number (I. D. number), and the number of voting rights allotted.</p> <p>(6)The name of the filled elected is the same as other shareholder’s name, and recognizable shareholder’s account number or I. D. number are not filled in.</p> <p>(7)<u>Information is filled in without following the regulations specified in the remark column of the ballot.</u></p> <p>(8)The number of filled elected exceeds the number of places that should be selected.</p>	
<p>Article 17 These regulations were drawn up on October 1, 2005. The 1st amendment was made on June 13, 2007. The 2nd amendment was made on June 6, 2012. The 3rd amendment was made on June 18, 2014. The 4th amendment was made on June 18, 2015. The 5th amendment was made on June 21, 2016. The 6th amendment was made on June 21, 2018. <u>The 7th amendment was made on June 21, 2022.</u></p>	<p>Article 17 These regulations were drawn up on October 1, 2005. The 1st amendment was made on June 13, 2007. The 2nd amendment was made on June 6, 2012. The 3rd amendment was made on June 18, 2014. The 4th amendment was made on June 18, 2015. The 5th amendment was made on June 21, 2016. The 6th amendment was made on June 21, 2018.</p>	<p>Added amended dates.</p>

Attachment 5 Comparison of Amendment of Procedures for Asset Acquisition & Disposal

Amended Articles	Current Articles	Revised Explanation
<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</li> </ol> <p>When issuing an appraisal report or opinion, the</p>	<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</li> </ol> <p>When issuing an appraisal report or opinion, the</p>	<p>Text is amended in accordance with amendments of the law.</p>

Amended Articles	Current Articles	Revised Explanation
<p>personnel referred to in the preceding paragraph shall comply with <u>the industry code of respective association membership</u> and the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</li> </ol>	<p>personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</li> </ol>	
<p>Article 6 Appraisal and operating procedures of acquisition or disposal of securities 1. Means of price determination and supporting</p>	<p>Article 6 Appraisal and operating procedures of acquisition or disposal of securities 1. Means of price determination and supporting</p>	<p>Text is amended in accordance with amendments</p>

Amended Articles	Current Articles	Revised Explanation
<p>reference materials:</p> <p>(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price.</p> <p>(2) If the dollar amount of the transaction is 20% of the Company’s paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>(3) This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(4) The acquisition or disposal of securities that are traded on the centralized market or Over-the-counter venue (“OTC venue”) shall be determined according to the prevailing market price.</p> <p>(5) The acquisition or disposal of securities that are not traded on the centralized</p>	<p>reference materials:</p> <p>(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price.</p> <p>(2) If the dollar amount of the transaction is 20% of the company’s paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (“ARDF”).</u></p> <p>(3) This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(4) The acquisition or disposal of securities</p>	<p>of the law and the Company’s operation.</p>

Amended Articles	Current Articles	Revised Explanation
<p>market or OTC venue, the net value per share, profitability, future development potential, market interest rate, bond coupon rate, debtor’s credit, and the current transaction price shall be considered and negotiated.</p> <p>2. Ask experts to issue opinions:</p> <p>Where any one of the following circumstances applies with the transaction amount reaches 20% or more of paid-in capital or NT\$300 million ore more, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price:</p> <p>(1) The acquisition or disposal of securities that are not traded on the securities exchange or OTC venue.</p> <p>(2) Acquiring or disposal of private placements of securities.</p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the CPA opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated:</p> <p>(1) The initial investment in securities shall be reported in writing to the Chairman by the finance department or relevant</p>	<p>that have been traded on the centralized market or Over-the-counter venue (“OTC venue”) shall be determined according to the prevailing market price.</p> <p>(5) The acquisition or disposal of securities that are not traded on the centralized market or OTC venue, the net value per share, profitability, future development potential, market interest rate, bond coupon rate, debtor’s credit, and the current transaction price shall be considered and negotiated.</p> <p>2. Ask experts to issue opinions:</p> <p>Where any one of the following circumstances applies with the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million ore more, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price:</p> <p>(1) The acquisition or disposal of securities that are not traded on the securities exchange or OTC venue.</p> <p>(2) Acquiring or disposal of private placements of securities.</p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the CPA</p>	

Amended Articles	Current Articles	Revised Explanation																											
<p>departments of the Company, and shall be approved in the following manner.</p> <p>1. Bonds under repurchase and resale agreements and bond fund Regardless of the amount for a single transaction and a single target accumulative amount, shall be approved by the Chairman.</p> <p>2. Securities other than the preceding item 1</p> <table border="1" data-bbox="432 624 981 1415"> <thead> <tr> <th>Item</th> <th>Approved by</th> <th>Authority</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Expected to sell in a short term</td> <td>Audit Committee</td> <td>A single transaction exceeds NT\$100 million</td> </tr> <tr> <td>Board of Directors</td> <td>The cumulative amount of a single target exceeds NT\$100 million</td> </tr> <tr> <td>Chairman</td> <td>NT\$100 million (inclusive) or less</td> </tr> <tr> <td rowspan="3">Not expected to sell in a short term</td> <td>Audit Committee</td> <td>A single transaction exceeds NT\$100 million</td> </tr> <tr> <td>Board of Directors</td> <td>The cumulative amount of a single target exceeds NT\$100 million</td> </tr> <tr> <td>Chairman</td> <td>NT\$100 million (inclusive) or less (It shall be reported to the Board of Directors afterwards)</td> </tr> </tbody> </table>	Item	Approved by	Authority	Expected to sell in a short term	Audit Committee	A single transaction exceeds NT\$100 million	Board of Directors	The cumulative amount of a single target exceeds NT\$100 million	Chairman	NT\$100 million (inclusive) or less	Not expected to sell in a short term	Audit Committee	A single transaction exceeds NT\$100 million	Board of Directors	The cumulative amount of a single target exceeds NT\$100 million	Chairman	NT\$100 million (inclusive) or less (It shall be reported to the Board of Directors afterwards)	<p>opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated:</p> <p>(1) The initial investment in securities shall be reported in writing to the Chairman by the finance department or relevant departments of the Company, and shall be approved in the following manner.</p> <p>1. Bonds under repurchase and resale agreements and bond fund Regardless of the amount for a single transaction and a single target accumulative amount, shall be approved by the Chairman.</p> <p>2. Securities other than the preceding item 1</p> <table border="1" data-bbox="1261 863 1809 1246"> <thead> <tr> <th>Item</th> <th>Approved by</th> <th>Authority</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Expected to sell in a short term</td> <td>Audit Committee</td> <td>A single transaction exceeds NT\$100 million</td> </tr> <tr> <td>Board of Directors</td> <td>The cumulative amount of a single target exceeds NT\$100 million</td> </tr> <tr> <td>Chairman</td> <td>NT\$100 million (inclusive) or less</td> </tr> </tbody> </table>	Item	Approved by	Authority	Expected to sell in a short term	Audit Committee	A single transaction exceeds NT\$100 million	Board of Directors	The cumulative amount of a single target exceeds NT\$100 million	Chairman	NT\$100 million (inclusive) or less	
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<p>(2) The total amount of securities invested by the Company and its subsidiaries shall not exceed 40% of the Company’s net worth, except as required by the Company’s planning for the group’s holding structure. The amount invested in individual securities shall not exceed 10% of the Company’s net worth.</p> <p>(3) The shares obtained by the Company from its investee companies through the allotment of earning surplus or capital increase from reserves, that shall not be included in the calculation of the investment limit.</p> <p>(4) The Company shall not waive the capital increase of the investee companies, Great Hinge Trading Ltd. (BVI) (“Great Hinge”) and Smart Hinge Holdings Ltd. (BVI) (“Smart Hinge”), in future years; Smart Hinge shall not waive the capital increase of the investee company, Royal Jarlly Holding Ltd. (Hong Kong) (Chinese name in English: Royal Jarlly Holding Ltd., “Royal Jarlly”), in future years; Royal Jarlly shall not waive the capital increase of the investee companies, Jarlly Technology (Shanghai) Co., Ltd., Fu Qing Jarlly Electronics Co., Ltd., Dong Guan Jarlly Electronics Co., Ltd., Kunshan Jarlly Electronics Co., Ltd., Jarlly Electronics Technology (Shanghai) Co., Ltd., Xiamen Jarlly</p>	<p>Not expected to sell in a short term</p>	<p>Audit Committee</p>	<p>A single transaction exceeds NT\$100 million</p>	
		<p>Board of Directors</p>	<p>The cumulative amount of a single target exceeds NT\$100 million</p>	
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<p>Electronics Co., Ltd. and Jarlly Technology (Chongqing) Co., Ltd., in future years; in the future, if the aforementioned investor companies choose to waive the capital increase of the aforementioned investee companies or to dispose an investee company, it shall be approved by a special resolution of the Board of Directors.</p> <p>5~6 have not been amended, omitted.</p>	<p><u>increase of the investee company, Main Source Logistic Ltd. (BVI), in future years;</u> Smart Hinge shall not waive the capital increase of the investee company, Royal Jarlly Holding Ltd. (Hong Kong) (Chinese name in English: Royal Jarlly Holding Ltd., “Royal Jarlly”), in future years; Royal Jarlly shall not waive the capital increase of the investee companies, Jarlly Technology (Shanghai) Co., Ltd., Fu Qing Jarlly Electronics Co., Ltd., Dong Guan Jarlly Electronics Co., Ltd., Kunshan Jarlly Electronics Co., Ltd., Jarlly Electronics Technology (Shanghai) Co., Ltd., Xiamen Jarlly Electronics Co., Ltd. and Jarlly Technology (Chongqing) Co., Ltd., in future years; in the future, if the aforementioned investor companies choose to waive the capital increase of the aforementioned investee companies or to dispose an investee company, it shall be approved by a special resolution of the Board of Directors.</p> <p>5~6 have not been amended, omitted.</p>	
<p>Article 7 Appraisal and operating procedures of acquisition or disposal of real property, equipment, or right-of-use assets thereof</p> <p>1. Means of price determination and supporting reference materials: The acquisition or disposal of real property, equipment, or right-of-use assets thereof shall</p>	<p>Article 7 Appraisal and operating procedures of acquisition or disposal of real property, equipment, or right-of-use assets thereof</p> <p>1. Means of price determination and supporting reference materials: The acquisition or disposal of real property, equipment, or right-of-use assets thereof shall</p>	<p>Text is amended in accordance with amendments of the law and the Company’s operation.</p>

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<p>be signed and explained by the original user unit or the relevant responsible unit, and the asset management unit shall refer to the announcement of the present value, assessed value, actual transaction price of adjacent real estate, recent transaction price of similar assets, etc., choose one by way of price comparison, bargaining or bidding.</p> <p>2. Ask experts to issue appraisal reports:  In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent</p>	<p>be signed and explained by the original user unit or the relevant responsible unit, and the asset management unit shall refer to the announcement of the present value, assessed value, actual transaction price of adjacent real estate, recent transaction price of similar assets, etc., choose one by way of price comparison, bargaining or bidding.</p> <p>2. Ask experts to issue appraisal reports:  In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and</p>	

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<p>change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</li> </ol> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and</p>	<p>conditions of the transaction.</p> <p>(2) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</li> </ol> <p>(4) No more than 3 months may elapse between the date of the appraisal report</p>	

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<p>the contract execution date; provided, where the public announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated:</p> <p>(1) When acquiring or disposing of real property, <u>equipment and right-of-use assets thereof, except for the real property right-of use assets for business use whose delegated authority complies with the operating procedures in Paragraph 4, Subparagraph (2) of this Article</u>, if the amount of each transaction is less than NT\$50 million (inclusive), it shall be submitted for verification in accordance with the Company's delegated authority table; if the amount of each transaction exceeds NT\$50 million, it shall be submitted and approved by the Audit Committee and the Board of Directors.</p> <p><u>(2) When acquiring or disposing of real</u></p>	<p>issued by a professional appraiser and the contract execution date; provided, where the public announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated:</p> <p>(1) When acquiring or disposing of real property <u>or</u> equipment, if the amount of each transaction is less than NT\$50 million (inclusive), it shall be submitted for verification in accordance with the Company's delegated authority table; if the amount of each transaction exceeds NT\$50 million, it shall be submitted and approved by the Audit Committee and the Board of Directors.</p> <p><u>(2) The total amount of real property and right-of-use assets thereof purchased by the Company and its subsidiaries not for business use, shall not exceed 40% of the Company's net worth.</u></p> <p>5. Executive unit:</p>	

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<p><u>property right-of use assets for business use, if the amount of each transaction is less than NT\$100 million (inclusive), it shall be submitted for verification in accordance with the Company's delegated authority table; the amount of each transaction exceeds NT\$100 million, it shall be submitted and approved by the Audit Committee and the Board of Directors.</u></p> <p>(3) The total amount of real property and right-of-use assets thereof purchased by the Company and its subsidiaries not for business use, shall not exceed 40% of the Company's net worth.</p> <p>5. Executive unit: The Company's acquisition or disposal of real property, equipment, and right-to-use assets thereof is carried out by the user department and the relevant responsible units.</p> <p>6. Transaction process: The transaction process of the Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof shall be handled in accordance with the Company's internal control system for the relevant cycle procedures of property, plant and equipment.</p>	<p>The Company's acquisition or disposal of real property, equipment, and right-to-use assets thereof is carried out by the user department and the relevant responsible units.</p> <p>6. Transaction process: The transaction process of the Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof shall be handled in accordance with the Company's internal control system for the relevant cycle procedures of property, plant and equipment.</p>	
<p>Article 8 Appraisal and operating procedures of acquisition or disposal of intangible assets or right-of-use assets thereof</p> <p>1. Means of price determination and supporting</p>	<p>Article 8 Appraisal and operating procedures of acquisition or disposal of intangible assets or right-of-use assets thereof</p> <p>1. Means of price determination and supporting</p>	<p>Text is amended in accordance with amendments of the law.</p>

Amended Articles	Current Articles	Revised Explanation
<p>reference materials: When acquiring or disposing of intangible assets or right-to-use assets thereof or memberships, consideration should be given to the possible future benefits and fair market value of the assets, and negotiate with the counterparty in the transaction.</p> <p>2. Ask experts to issue opinions: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for CPA opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated: (1) Where the Company acquires or disposes of memberships, if the transaction amount is less than NT\$2 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; those exceeding NT\$2 million shall be approved by the</p>	<p>reference materials: When acquiring or disposing of intangible assets or right-to-use assets thereof or memberships, consideration should be given to the possible future benefits and fair market value of the assets, and negotiate with the counterparty in the transaction.</p> <p>2. Ask experts to issue opinions: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for CPA opinion.</p> <p>4. The degree of authority delegated and the levels to which authority is delegated: (1) Where the Company acquires or disposes of memberships, if the transaction amount is less than NT\$2 million (inclusive), it must be signed within the Company and submitted to the</p>	

Amended Articles	Current Articles	Revised Explanation
<p>Board of Directors.</p> <p>(2) Where the Company acquires or disposes of intangible assets or right-of-use assets, if the transaction amount is less than NT\$20 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; those exceeding NT\$20 million shall be approved by the Board of Directors.</p> <p>5. Executive unit: For the acquisition or disposal of intangible assets or right-of-use assets thereof or memberships of the Company, the execution unit is the finance department, management unit and relevant responsible units.</p> <p>6. Transaction process: The transaction process of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled in accordance with the Company's internal control system for the relevant cycle procedures of procurement and payment.</p>	<p>General Manager and Chairman for approval; those exceeding NT\$2 million shall be approved by the Board of Directors.</p> <p>(2) Where the Company acquires or disposes of intangible assets or right-of-use assets, if the transaction amount is less than NT\$20 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; those exceeding NT\$20 million shall be approved by the Board of Directors.</p> <p>5. Executive unit: For the acquisition or disposal of intangible assets or right-of-use assets thereof or memberships of the Company, the execution unit is the finance department, management unit and relevant responsible units.</p> <p>6. Transaction process: The transaction process of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled in accordance with the Company's internal control system for the relevant cycle procedures of procurement and payment.</p>	
<p>Article 16 Appraisal and operating procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, except that it shall be</p>	<p>Article 16 Appraisal and operating procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, except that it shall be</p>	<p>Text is amended in accordance with amendments of the law.</p>



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<p>handled in accordance with the provisions of Articles 6 to 9 herein, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, the following provisions shall be followed. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Articles 6 to 9 herein. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale</p>	<p>handled in accordance with the provisions of Articles 6 to 9 herein, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, the following provisions shall be followed. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Articles 6 to 9 herein. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale</p>	

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<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following materials shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution. If not approved by more than one-half of all Audit Committee members, it shall be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act, when a matter is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. The aforementioned terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions. After the above process is approved, the Company may not proceed to enter into a transaction contract or make a payment:</p>	<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following materials shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution. If not approved by more than one-half of all Audit Committee members, it shall be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act, when a matter is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. The aforementioned terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions. After the above process is approved, the Company may not proceed to enter into a transaction contract or make a payment:</p>	

Amended Articles	Current Articles	Revised Explanation
<p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph <u>6</u> (1) to (<u>6</u>) of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph <u>5</u> (1) to (<u>5</u>) of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	

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<p>3. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>4. <u>If the transaction amount made as listed in Paragraph 2 of this Article between the Company and any subsidiaries that are not domestic public companies reaches 10% or more of the Company's total assets, the Company shall submit all documents listed in Paragraph 2 (1) to (7) of this Article to the shareholders' meeting for approval, and may proceed to enter into a transaction contract or make a payment. Provided, this shall not apply to the transactions between the Company and its subsidiaries or between its subsidiaries.</u></p>	<p>3. <u>The calculation of the transaction amounts referred to in Paragraph 2 of this Article shall be made in accordance with Article 17, Paragraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</u></p> <p>4. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>5. Evaluate the reasonableness of the transaction costs</p> <p>(1) The Company that acquires real</p>	

Amended Articles	Current Articles	Revised Explanation
<p>5. <u>The calculation of the transaction amounts referred to in Paragraphs 2 and 4 of this Article shall be made in accordance with Article 17, Paragraph 8 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the audit committee and approved by the board of directors, and shareholders’ meeting need not be counted toward the transaction amount.</u></p> <p>6. Evaluate the reasonableness of the transaction costs</p> <p>(1) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced</p>	<p>property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial</p>	

Amended Articles	Current Articles	Revised Explanation
<p>by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subparagraph.</p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with</p>	<p>institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subparagraph.</p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Paragraph <u>5</u> (1) and (2) of this Article shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 2, 3, 4 of this Article, and Paragraph <u>5</u> (1), (2), (3) do not apply:</p> <p>1. The related party acquired the real property or right-of-use</p>	

Amended Articles	Current Articles	Revised Explanation
<p>Paragraph <u>6</u> (1) and (2) of this Article shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 2, 3, 4, <u>5</u> of this Article, and Paragraph <u>6</u> (1), (2), (3) do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</li> <li>4. The real property right-of-use</li> </ol>	<p>assets thereof through inheritance or as a gift.</p> <ol style="list-style-type: none"> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</li> <li>4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</li> </ol> <p>(5) When the results of the Company's appraisal conducted in accordance with Paragraph <u>5</u> (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph <u>5</u> (<u>6</u>) of this Article. However, where the following</p>	

Amended Articles	Current Articles	Revised Explanation
<p>assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(5) When the results of the Company’s appraisal conducted in accordance with Paragraph <u>6</u> (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph <u>6</u> (7) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in Paragraph <u>6</u> (1) to (4) of this Article, and structures according to the</p>	<p>circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in Paragraph <u>5</u> (1) to (4) of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry</p>	



Amended Articles	Current Articles	Revised Explanation
<p>related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p>	<p>of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding</p>	

Amended Articles	Current Articles	Revised Explanation
<p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(6) Completed transactions involving neighboring or closely valued parcels of land in <u>Paragraph 6 (5) of this Article</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(7) Where the Company acquires real</p>	<p><u>paragraph</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(6) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph <u>5</u> (1) to (5) of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1.A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be</p>	

Amended Articles	Current Articles	Revised Explanation
<p>property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 6 (1) to (6) of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</li> <li>2. Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</li> <li>3. Actions taken pursuant to Subparagraphs 1 and 2 of this Paragraph shall be reported to a</li> </ol>	<p>distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <ol style="list-style-type: none"> <li>2. Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</li> <li>3. Actions taken pursuant to Subparagraphs 1 and 2 of this Paragraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</li> </ol> <p>(7) The Company that has set aside a special reserve under <u>the preceding subparagraph of this Paragraph</u> may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated,</p>	

Amended Articles	Current Articles	Revised Explanation
<p>shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(8) The Company that has set aside a special reserve under <u>Paragraph 6 (7) of this Article</u> may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(9) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph <u>6 (7)</u>, <u>(8)</u> of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(8) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph <u>5 (6)</u>, <u>(7)</u> of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 17 Criteria for public announcements and reports</p> <p>1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of</p>	<p>Article 17 Criteria for public announcements and reports</p> <p>1. Acquisition or disposal of real property or right-of-use assets thereof from or to a</p>	<p>Text is amended in accordance with amendments of the law.</p>

Amended Articles	Current Articles	Revised Explanation
<p>assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Mergers, demergers, acquisitions, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p>	<p>related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Mergers, demergers, acquisitions, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1</p>	

Amended Articles	Current Articles	Revised Explanation
<p>5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>6. Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20%</p>	<p>billion or more.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>6. Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment</p>	

Amended Articles	Current Articles	Revised Explanation
<p>or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or a foreign government bond with a credit rating not lower than the sovereign rating of the ROC.</u></p> <p>(2) Where done by professional investors - securities trading on securities exchanges or OTC markets, or subscription of <u>foreign bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds, or futures trust funds, or subscription and sellback of exchange traded notes,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust</p>	<p>in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>8. The amount of transactions in the preceding</p>	

Amended Articles	Current Articles	Revised Explanation
<p>enterprises.</p> <p>8. The amount of transactions in the preceding Paragraphs 1 to 7 shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>9. “Within the preceding year” as used in Paragraph 8 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p>	<p>Paragraphs 1 to 7 shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>9. “Within the preceding year” as used in Paragraph 8 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p>	



Amended Articles	Current Articles	Revised Explanation
<p>Article 26 Amendment dates            These Procedures were drawn up on October 1, 2005.            The 1st amendment was made on June 13, 2007.            The 2nd amendment was made on June 19, 2008.            The 3rd amendment was made on June 19, 2009.            The 4th amendment was made on June 10, 2011.            The 5th amendment was made on June 6, 2012.            The 6th amendment was made on June 18, 2014.            The 7th amendment was made on June 22, 2017.            The 8th amendment was made on June 21, 2018.            The 9th amendment was made on June 18, 2019.  <u>The 10th amendment was made on June 21, 2022.</u></p>	<p>Article 26 Amendment dates            These Procedures were drawn up on October 1, 2005.            The 1st amendment was made on June 13, 2007.            The 2nd amendment was made on June 19, 2008.            The 3rd amendment was made on June 19, 2009.            The 4th amendment was made on June 10, 2011.            The 5th amendment was made on June 6, 2012.            The 6th amendment was made on June 18, 2014.            The 7th amendment was made on June 22, 2017.            The 8th amendment was made on June 21, 2018.            The 9th amendment was made on June 18, 2019.</p>	<p>Added amended dates.</p>

Attachment 6 Comparison of Amendment of Rules of Procedure for Shareholders Meetings

Amended articles	Current articles	Revised explanation
<p>Article 3 1~5 have not been amended, omitted. <u>The Company shall hold a hybrid shareholders meeting (to be distributed on-site at the meeting and shared on the virtual meeting platform) or virtual-only shareholders meeting in accordance with the relevant laws and regulations promulgated by the competent authority.</u></p>	<p>Article 3 1~5 have not been amended, omitted.</p>	<p>According to the Company Act, listed companies may hold virtual shareholders meetings.</p>
<p>Article 7 1~3 have not been amended, omitted. <u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u> <u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>Article 7 1~3 have not been amended, omitted.</p>	<p>According to the Company Act, listed companies may hold virtual shareholders meetings.</p>
<p><u>Article 7-1</u> <u>To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:</u> <u>1. How shareholders attend the virtual meeting and exercise their rights.</u> <u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>(2) Shareholders not having</u></p>		<p>Newly added</p>

Amended articles	Current articles	Revised explanation
<p><u>registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p>(3) <u>In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p>(4) <u>Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.</u></p> <p>3. <u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>		
<p>Article 9 1~3 have not been amended, omitted. <u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously</u></p>	<p>Article 9 1~3 have not been amended, omitted.</p>	<p>According to the Company Act, listed companies may hold virtual shareholders meetings.</p>

Amended articles	Current articles	Revised explanation
<p><u>audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>		
<p>Article 10 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p><u>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</u></p> <p><u>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the</u></p>	<p>Article 10 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p>	<p>According to the Company Act, listed companies may hold virtual shareholders meetings.</p>

Amended articles	Current articles	Revised explanation
<p><u>virtual meeting platform.</u>  <u>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</u></p>		
<p>Article 13  1~2 have not been amended, omitted.  <u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.</u>  <u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>Article 13  1~2 have not been amended, omitted.</p>	<p>According to the Company Act, listed companies may hold virtual shareholders meetings.</p>
<p><u>Article 19-1</u>  <u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting</u></p>		<p>Newly added</p>

Amended articles	Current articles	Revised explanation
<p><u>online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 22-1</p> <p><u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>		Newly added
<p>Article 23</p> <p>1~2 have not been amended, omitted.</p> <p><u>In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30</u></p>	<p>Article 23</p> <p>1~2 have not been amended, omitted.</p>	<p>According to the Company Act, listed companies may hold virtual</p>

Amended articles	Current articles	Revised explanation
<p><u>minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p>		shareholders meetings.
<p><u>Article 23-1</u></p> <p><u>In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p>		Newly added

Amended articles	Current articles	Revised explanation
<p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a</u></p>		



Amended articles	Current articles	Revised explanation
<p><u>meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		
<p><u>Article 23-2</u></p> <p><u>When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>		Newly added
<p>Article 28</p> <p>These Rules were drawn up on October 1, 2005.</p> <p>The 1st amendment was made on June 10, 2011.</p> <p>The 2nd amendment was made on June 6, 2012.</p> <p>The 3rd amendment was made on June 18, 2014.</p> <p>The 4th amendment was made on June 18, 2015.</p> <p>The 5th amendment was made on June 21, 2018.</p> <p>The 6th amendment was made on June 19, 2020.</p> <p><u>The 7th amendment was made on June 21, 2022.</u></p>	<p>Article 28</p> <p>These Rules were drawn up on October 1, 2005.</p> <p>The 1st amendment was made on June 10, 2011.</p> <p>The 2nd amendment was made on June 6, 2012.</p> <p>The 3rd amendment was made on June 18, 2014.</p> <p>The 4th amendment was made on June 18, 2015.</p> <p>The 5th amendment was made on June 21, 2018.</p> <p>The 6th amendment was made on June 19, 2020.</p>	Added amended dates.

## Appendix 1



# Articles of Incorporation Of JARLLYTEC CO., LTD.

## Section I – General Provisions

- Article 1** The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 兆利科技工業股份有限公司 in the Chinese language, and JARLLYTEC CO., LTD. in the English language.
- Article 2** The scope of business of the Company shall be as follows:
- a) CA02040 Metal Spring Manufacturing-
  - b) CA02990 Other Fabricated Metal Products Manufacturing
  - c) CB01990 Other Machinery Manufacturing
  - d) CC01020 Electric Wires & Cables Manufacturing
  - e) CC01040 Lighting Equipment Manufacturing
  - f) CC01060 Wired Communication Equipment and Apparatus Manufacturing
  - g) CC01080 Electronic Parts and Components Manufacturing
  - h) CC01110 Computers and Computing Peripheral Equipment Manufacturing
  - i) CQ01010 Die Manufacturing
  - j) F119010 Wholesale of Electronic Materials
  - k) F219010 Retail Sale of Electronic Materials
  - l) F401091 Export and Import of Guns, Ammunition and Knives
- Article 3** If the Company is a limited liability shareholder of other Company, the total amount of its investment shall not be subject to the restriction of not more than 40% of the paid-in share capital as provided in Article 13 of the Company Law.
- Article 4** The Company shall have its head quarter in New Taipei City, Taiwan, Republic of China, and shall be free, upon approval of Board of Directors, to set up branch offices at various locations within and without the territory of the Republic of China.
- Article 5** Public announcements of the Company shall be made in accordance with the provisions of Article 28 of the Company Law of Republic of China.

## Section II – Capital Stock

- Article 6** The total capital stock of the Company shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares, at ten New Taiwan Dollars each, authorized Board of Directors deems it necessary to carry out any or all of its activities and may be paid-up in installments. (Which retains employee stock vouchers to subscribe for shares of 5 million shares)
- Article 7** The Company's shares are collectively signed or stamped by director representing the Company, in accordance with provisions of the Law, the Company may issue shares without printing share certificate(s) but should register at Centralized Securities Depository Enterprises institutions.
- Article 8** Registration for transfer of shares shall be suspended sixty days immediately before the date of regular meeting of shareholders, and thirty days immediately before the date of extraordinary general meeting, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.
- Article 8.1** All stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulation.

### **Section III – Shareholders' Meetings**

- Article 9** Shareholders' meetings of the Company are of two types, namely regular meetings and special meetings. Regular meetings shall be convened at least once per year, and by the Board of Directors, within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant law, rules and regulations of the Republic of China. The shareholders' meeting shall be convened by the Board of Directors and presided over by the Chairman of the Board of Directors, in his absence, either he may appoint one of the Directors, or if none, Directors may recommend one to preside.
- Article 10** The Company shall be convened a regular meeting by controlling shareholder, may propose to the company a proposal for discussion at a regular shareholders' meeting, provided only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. All related operations are in accordance with the Company Law and related regulations.
- Article 11** If a shareholder is unable to attend a meeting, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy, in accordance with the Company Law and provision of government authorities in charge issued "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
- Article 12** Each share of the stock shall be entitled to one vote, except the Company has the occurrence of non-voting shares under Article 179 of the Company Act.
- Article 13** Unless otherwise stipulated by the relevant laws, rules and regulations, the resolutions of the shareholders' meetings shall be attended by shareholders in person of more than one half of the total issued and outstanding capital stock of the Company, with the consent of more than one half of the attended shareholders.

**Article 14** When the shareholders of the Company are only one legal person shareholder, the terms of reference of the shareholders' meeting of the Company shall be exercised by the Board of Directors and shall not apply to the provisions of the relevant shareholder's meeting of this Articles of Incorporation.

#### **Section IV – Directors & Audit Committee**

**Article 15** The Company shall have seven to nine directors, shall be elected by adopting candidates' nomination system, shareholders shall be selected from the list of candidates for directors. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law, for a term of three years and eligible for re-election. The total proportion of all its directors shall be in accordance with the relevant provisions promulgated by the government authorities in charge.

After the election, the Company shall purchase the liability insurance for the directors.

The cumulative voting method shall be used for election of the directors of the Company. Each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates.

**Article 15.1** The number of independent directors in the Company shall not be less than three and shall be elected by adopting candidates' nomination system. The independent directors and non-independent directors shall be elected together, but in separately calculated numbers. The professional qualifications, shareholding, part-time restrictions, nomination and election methods and other matters to be followed of the independent director shall be handled in accordance with the relevant provisions of the securities authorities.

**Article 15.2** The Company establishes an Audit Committee and may establish the kinds of other functional committees.

The Audit Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

**Article 16** The directors shall constitute the Board of Directors and shall elect one Chairman of the Board from among themselves by a majority at a meeting attended by at least two-thirds of the directors, and also elect a vice chairman of the board in the same manner. The chairman shall externally represent the Company, to carry out all matters of the Company in accordance with the resolutions, the articles of incorporation, the shareholder's meeting and the resolutions of the board of directors.

**Article 16.1** The convening of the board of directors of the Company shall inform the directors seven days in advance with specified reason. But in case of an emergency, may be convened at any time. The convening of the Board of Directors of the Company may be made in writing, by e-mail (E-mail) or by fax.

**Article 17** In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, a delegate shall be appointed in compliance with Article 208 of the Company Act. In case the directors cannot attend board meetings, a delegate shall be appointed in compliance with Article 205 of the

Company Act.

**Article 18** The Audit Committee shall be responsible for performing the Supervisors' duties as stipulated in the Company Act, Securities and Exchange Act and other relevant laws and regulations as well as complying with applicable laws, regulations and rules and regulations of the Company.

**Article 19** Remuneration of directors of the Company shall be determined by the shareholders' meeting and may be paid at such level as generally adopted by the enterprises of the same industry, no matter whether the Company is in a loss or not.

### **Section V – Managerial Officials**

**Article 20** The Company have one general manager. Appointment, discharge and the remuneration of the managerial officials shall be in compliance with Article 29 of the Company Act.

### **Section VI – Accounting**

**Article 21** After the close of each fiscal year, the Board of Directors shall prepare the following reports and forward the same to the Annual General Meeting of shareholders for acceptance in accordance with the legal procedures:

- (1) Business report
- (2) Financial statements
- (3) Proposal concerning appropriation of net profits or making up losses

**Article 22** If there is profit at the end of each fiscal year, a ratio of no less than 2% of profit of the current year distributable as employees' compensation and no higher than 2% as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first.

The employees mentioned above are paid to the stock or cash, including the eligible employees.

**Article 22-1** 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.

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.

**Article 23** In the event that the Company is proposing to issue employee stock vouchers at a price lower than the market price (net asset value of each share), the Company shall, in accordance with Article 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, through the resolution of the

shareholders' meeting, could be issued.

**Article 24** If the Company intends to transfer the shares of the Company to the employees at an average price lower than the actual purchase price, the Company shall, after the resolution of the latest shareholders' meeting, start the transfer.

### **Section VII – Supplementary Provisions**

**Article 25** The Company deems it necessary or advisable to carry out any or all of its activities may provide endorsement and guarantee and act as a guarantor.

**Article 26** When the Company's stock is proposed to be withdraw from public offering, it should submit a resolution to the board of directors and does not change this provision during the period of emerging stock and over the counter.

**Article 27** The important internal organization rules, regulations of the Company and the detailed procedures and methods shall be determined by the board of directors.

**Article 28** In regard to all matters not provided for in these Articles of Incorporation, the Company Law and other relevant rules and regulations shall govern.

**Article 29** The Articles of Incorporation shall become effective upon the resolution of the shareholders' meeting

**Article 30**The Articles of Incorporation is concluded on June 25, 2004

The 1st amendment on December 3, 2004

The 2nd amendment on June 30, 2005

The 3rd amendment on May 30, 2006

The 4th amendment on June 30, 2006

The 5th amendment on June 13, 2007

The 6th amendment on June 19, 2008

The 7th amendment on June 19, 2009

The 8th amendment on June 18,2010

The 9th amendment on June 6, 2012

The 10th amendment on June 10,2013

The 11th amendment on June 21,2016

The 12th amendment on June 21,2018

The 13th amendment on June 18,2019

The 14th amendment on June 19,2020

The 15th amendment on July 7,2021

Jarlytec Company Limited  
Chairman of the board, Chang, Tai-Yuan

## Appendix 2

# JARLLYTEC CO., LTD. Rules of Procedure for Shareholders Meetings

### Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

### Article 2

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

(Convening shareholders meetings and shareholders meeting notices)

### Article 3

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

After the Company's status as a public company started, the reasons for convening a regular shareholders meeting shall inform all shareholders before 30 days before the date of a regular shareholders meeting, for shareholders who hold less than 1,000 registered shares, may upload them to the MOPS before 15 days of the date of the regular shareholders meeting; the reasons for convening a special shareholders meeting shall inform all shareholders before 15 days before the date of a special shareholders meeting, for shareholders holding less than 1,000 registered shares, may upload them to the MOPS before 15 days before the date of the special shareholders meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement; with the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1, Article 26-1 and Article 43-6 of Securities and Exchange Act, and Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting, none of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

### Article 4

A shareholder holding one percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting, the number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. However, a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may

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

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals, and the location and time period for their submission, the period for submission of shareholder proposals may not be less than 10 days; prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

(Delegation of attending a shareholders' meeting and authorization)

#### Article 5

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

(Principles determining the time and place of a shareholders' meeting)

#### Article 6

The Company shall specify in its shareholders meeting notices the place of a shareholders' meeting, the time during which shareholder attendance registrations will be accepted, and other matters for attention. The place shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting, the meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

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

(Preparation of documents such as the attendance book)

#### Article 7

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

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

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



(The chair and participants of a shareholders meeting)

Article 8

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors shall be appointed to act as chair, where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

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

If a shareholders' meeting is convened by the board of directors, the chairperson shall chair the meeting, and the meeting shall be attended by a majority of the directors, the attendance shall be recorded in the meeting minutes. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting, when there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity, and may respond related questions in the proceeding agenda.

(Documentation of a shareholders meeting by audio or video)

Article 9

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

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

(Calculation of voting shares and call a meeting)

Article 10

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 11

The chair shall call the meeting to order at the appointed meeting time, and announce related information, such as the number of nonvoting rights and the number of shares in attendance, etc., at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act, and all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

(Discussion of proposals)

Article 12

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, the meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting; if the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. After the meeting was declared to adjourn, shareholders shall not elect another chair or resume the meeting at another venue.

(Shareholder speech)

Article 13

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Article 14

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

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.

Article 15

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 16

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

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

(Calculation of voting shares and recusal system)

Article 17

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

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder

with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

(Proposal voting, votes monitoring and counting methods)

#### Article 18

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

#### Article 19

Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda), except as otherwise provided by the Company Act and the articles of incorporation, by agreement of a majority of the votes represented by the attending shareholders. When the Company holds a shareholder meeting, it may adopt exercise of voting rights by writing or electronic means and may adopt exercise of voting rights by correspondence; when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. But to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting, it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

#### Article 20

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

(Election matters)

#### Article 21

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of those directors and supervisors who failed to be elected and the numbers of votes with which they gained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

(Meeting minutes and signature matters)

Article 22

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes, the meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

The resolution method mentioned in the preceding paragraph, after the chair solicited shareholders' opinions, and shareholders have no objection, shall specify that adopting vote method and passed by the number of voting rights and the right number ratio.

An attendance book (or a sign-in card) of attending shareholders and the proxy of authorized attending shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

(Public disclosure)

Article 23

After the Company's status as a public company started, on the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

After the Company listed on centralized trading floor or over the counter trading places, if matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation or Gre Tai Securities Market regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

(Maintaining order at the meeting place)

Article 24

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

(Recess and resumption of a shareholders meeting)

Article 25

When a meeting is in progress, the chair may announce a break based on time considerations. If a force major event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the

meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 26

Unsettled matters in the rules shall be conducted in accordance with the Company Act, Articles of Incorporation and other related regulations.

#### Article 27

These Rules shall take effect after having submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

#### Article 28

These Rules were drawn up on October 1, 2005.

The 1st amendment was made on June 10, 2011.

The 2nd amendment was made on June 6, 2012.

The 3rd amendment was made on June 18, 2014.

The 4th amendment was made on June 18, 2015.

The 5th amendment was made on June 21, 2018.

The 6th amendment was made on June 19, 2020.

The 7th amendment was made on June 18, 2021.

### Appendix 3

## JARLLYTEC CO., LTD. Directors' Shareholding Statement

1. As of April 23, 2022, the Company's paid-in capital was NT\$ 601,213,980, and the distributed share were 60,121,398.
2. The minimum legally held shares held by the Company's shareholders: 4,809,712.
3. Directors' shareholding statement is as follows:

April 23, 2022

Title	Name	Inauguration date	Shareholding number as elected	As of April 23, 2022, shareholding number registered in the shareholders roster	
			Number of shares	Number of shares	Shareholding ratio
Chairman	Dellson Investment Co., Ltd. Representative: Chang, Tai-Yuan (Note 1)	July 7, 2021	3,392,000	3,492,000	5.81%
Director	Sunrise Investment Co., Ltd. Representative: Liu, Kuang-Hua (Note 2)	July 7, 2021	6,100,000	6,100,000	10.15%
Director	Young Win Assets Management Co., Ltd. Representative: Liu, Chih-Chen (Note 3)	July 7, 2021	1,550,000	1,550,000	2.58%
Independent director	Wu, Sou-Shan	July 7, 2021	-	-	-
Independent director	Liu, Chun-Ying	July 7, 2021	-	-	-
Independent director	Yang, Shang-Hsien	July 7, 2021	-	-	-
Independent director	Lee, Chien-Ming	July 7, 2021	-	-	-
Sum of directors' shareholding			11,042,000	11,142,000	18.54%

Note 1: The representative himself holds 711,325 shares.

Note 2: The shareholding number of trust account of Liu, Kuang-Hwa in Taishin International Bank was 1,100,000; the representative himself holds 216,000 shares.

Note 3: The representative himself holds 282,000 shares.

### Appendix 4

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

The bonus share was not programmed to distribute at a regular shareholders' meeting of the Company, so it's not applicable.