

Stock Code : 3548



Handbook for the 2024 Annual Meeting of Shareholders

Date of meeting: June 18, 2024(physical shareholders meetings)

Place of meeting: No. 13, Wugong 5th Rd., Xinzhuang Dist., New Taipei City

JARLLYTEC CO., LTD.
Handbook for the 2024
Annual Meeting of Shareholders
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JARLLYTEC CO., LTD.

2024 Annual Shareholders' Meeting Procedure

I.Call meeting to order

II.Chairperson Remarks

III.Reported Matters

IV.Acknowledged Matters

V.Matters for Discussion

VI.Election Matters

VII.Other Proposal

VIII.Extemporaneous Motions

IX.Adjournment

JARLLYTEC CO., LTD.

2024 Annual Shareholders' Meeting Agenda

Time: June 18, 2024, (Tuesday), at 9:00 a.m.

Place: No. 13, Wu-gong 5th Rd., Xinzhuang Dist., New Taipei City

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

II. Chairperson Remarks

III. Reported Matters

1. 2023 Business Report of the Company
2. 2023 Annual final accounting ledgers and statements reviewed by audit committee
3. 2023 Employees' and directors' remuneration allocation report
4. 2023 Cash dividend distribution report
5. Report on the Company's indirect investment in China
6. Report issue of 2nd domestic unsecured convertible corporate bonds
7. Report on the implementation of merger with subsidiary Jarson Precision Technology Co., Ltd.

IV. Acknowledged Matters:

1. Acknowledgment of the 2023 Business Report and Annual Final Accounting ledgers and Statements
2. 2023 Earnings Distribution Proposal

V. Matters for Discussion

1. Discussion of amendments to the Company's partial Articles of Incorporation
2. Discussion of the issuance of employee restricted stock awards

VI. Election Matters

1. Comprehensive re-election of the Company's directors' proposal

VII. Other Proposal

1. Discussion about lifting restrictions of non-compete prohibition of new-elected directors' proposal.

VIII. Extemporaneous Motions

IX. Adjournment

Reported Matters

Report NO.1

Proposal: 2023 Business Report of the Company, for your approval.

Explanation: 2023 Business Report of the Company, please refer to P.17-19 of the agenda (attachment 1), for your approval.

Report NO.2

Proposal: 2023 Annual final accounting books and statements audited by audit committee, for your approval.

Explanation: 2023 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 2023, 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

2024 Annual Shareholders' Meeting of the Company

JARLLYTEC CO., LTD.

Convener of the audit committee: Yang, Shang-Hsien

May 6, 2024

Report NO.3

Proposal: 2023 Employees' and directors' remuneration allocation report, for your approval.

Explanation:

1. The Company's profit of the year 2023 was NT\$ 589,526,204 (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\$ 11,790,524, and employees' remuneration allocation was NT\$ 47,162,096.
2. 2023 Employees' and directors' remuneration allocation proposal was approved by the compensation committee and board of directors.

Report NO.4

Proposal: 2023 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\$ 297,411,138 of shareholder dividends as cash dividends, allotment per share was NT\$ 4.5 (means allotment per thousand shares was NT\$ 3,000), cash dividends shall be calculated to dollar, with amounts of less than NT\$ 1.00 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 2024 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	402,123	100.00%	100.00%	402,123	1,082,839	-
Fu-Qing Jarly	sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	77,470	100.00%	100.00%	77,470	716,117	-
Dong Guan Jarly	sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	1,076	100.00%	100.00%	1,076	114,832	15,366
Kunshan Jarly	sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	72,916	100.00%	100.00%	72,916	185,310	-
Jarly Electronic Shanghai	sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	9,826	100.00%	100.00%	9,826	462,498	-
Xiamen Jarly	sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	10,730	100.00%	100.00%	10,730	108,706	-
Chongqing Jarly	sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	100,349	100.00%	100.00%	100,349	416,947	-
Zhejiang Jarly	Sale and produce Powder metallurgy and other metal products	154,013	(2)	-	154,013	-	154,013	(10,547)	100.00%	100.00%	(10,547)	141,248	-

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, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT\$904,601 (US\$28,434)	NT\$ 1,272,231 (US\$41,434)	NT\$ 3,157,737

Report NO.6

Proposal: Report issue of 2nd domestic unsecured convertible corporate bonds

Explanation:

In order to repay bank loans, increasing working capital and investment subsidiary company Jarllytec(Vietnam) Co., Ltd. the Company issued 2nd domestic unsecured convertible corporate bonds on January 8, 2024. The main issuance conditions and related matters are as follows,

Corporate bond type	2nd domestic unsecured convertible corporate bonds
Approved Release Date	January 8, 2024 Jin-Guan-Zheng-Fa-Zi No.1120363535
Issue date	January 8, 2024
Denomination	NT\$800,000,000
Issue price	Issued at 113.20% of face value
Total price	NT\$905,604,010
Coupon rate	0%
Tenor	3 years Maturity: January 8, 2027
Consignee	Bank Sinpac Co.,Ltd.
Underwriting institution	SinoPac Securities Co., Ltd.

Report NO.7

Proposal: The execution status of the Company's short-form merger with subsidiary Jarson Precision Technology Co., Ltd.

Explanation:

1. To integrate resource utilization and reduce operating costs, it was resolved in the Board of Directors' meeting on November 10, 2023 for the Company to merge with its 100%-owned subsidiary, Jarson Precision Technology Co., Ltd. (Jarson Precision), via a short-form merger with the Company being the surviving company.
2. The record date of the merger was January 1, 2024 with the Company being the surviving company and Jarson Precision being the dissolved company. Relevant procedures were completed and the amendment registration was approved per Official Letters MOEA-Authorized-Commerce-11330010430 on February 19, 2024.

Acknowledged Matters

ONE

Proposed by board of directors

Proposal: 2023 Business report and annual final accounting books and statements, for your approval.

Explanation:

1. 2023 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. 2023 Business report, CPA's audit report and financial statements, please refer to P.17-19 (attachment 1) and P.20-36 (attachment 2) of the agenda.

Resolution:

TWO

Proposed by board of directors

Proposal: 2023 Earnings distribution proposal, for your approval

Explanation:

1. 2023 Earnings distribution proposal was approved by a resolution of board of directors, and submitted to the audit committee for approval.
2. Offering 2023 earnings distribution statement is as follows. For your approval.

Resolution:

JARLLYTEC CO., LTD.
Earnings distribution statement
2023

Unit: NTD

	Subtotal	Sum
Beginning of period undistributed earnings		1,957,854,913
Add: 2023 Net profit after tax	535,279,403	
Minus: 2023 Measure on defined benefit plans	(6,116,000)	
Minus: Legal reserve appropriated	(52,916,340)	
Minus: Reversal of special reserve	(54,131,455)	
Distributable earnings		2,379,970,521
Distributed items:		
Stock dividend to shareholders	0	
Cash dividend to shareholders (per share NT\$ 4.5)	(297,411,138)	
Accumulated undistributed earnings		2,082,559,383

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.37-38 (attachment 3), for your approval.

Resolution:

TWO

Proposed by board of directors

Proposal: Discussion of the issuance of employee restricted stock awards, for your approval

Explanation:

- I. In accordance with Article 267, Paragraph 9 of the Company Act and relevant regulations such as the 'Regulations Governing the Offering and Issuance of Securities by Securities Issuers', the Company plans to issue RSA options in 2024.
- II. Total Issuance Amount: The total issuance amount of newly issued restricted employee stock rights is NTD 5,000,000, with a par value of NTD 10 per share, totaling 500,000 common shares, representing approximately 0.76% of the total issued stocks. For details regarding the issuance of restricted employee stock rights in this offering, please refer to P.39-42 (attachment 4).
- III. Rationale for Issuance of New Restricted Employee Stocks: To attract and retain professional personnels, provide incentives, enhance cohesion, and jointly create higher interests for the company and shareholders.
- IV. Employee Qualifications and Allocation of Stock Options
 - (1) The eligible recipients of stock options are limited to full-time employees of the Company and its 100% controlled or affiliated domestic and international subsidiaries. The eligible employees shall fall into the following categories: 1. Those closely linked to the future strategies and development of the Company. 2. Those significantly impacting the Company's operations. 3. Key core technical personnel. 4. Core new employees, etc. Employees holding more than 10% of the Company's issued common shares are not included.
 - (2) The actual allocation of stock options to employees and the number of RSA to new shares shall be determined based on factors such as years of service, job level, performance appraisal, overall contribution, potential contribution to future development, and other relevant factors. Additionally, the allocation criteria shall consider the operational needs of the Company and the requirements of business development strategies.
- V. Issuance condition:
 - (1) Issuance price: This issuance is free of charge, at a price of NTD 0 per share.
 - (2) Type of issuance: Ordinary shares of the Company, newly issued.
 - (3) Vesting conditions:
 1. For employees who receive restricted stock award (hereinafter referred to as

"RSA") and have completed one year since the grant date, and who are still employed and providing services on the anniversary of each vesting period, the number of restricted rights stocks granted for that year will be determined based on the company's overall performance indicators and further adjusted based on individual performance evaluations of employees.

(i) Company's Overall Performance Indicators:

A. The proportion of entitlement for the year will be determined based on EPS as follows, using the most recent fiscal year's audited consolidated financial statements at the end of the vesting period: EPS > NTD 8 : 100% of allocation, EPS > NTD 7 : 70% of allocation, EPS > NTD 5 (inclusive): 50% of allocation, EPS < NTD 5 : 0% of allocation.

B. If, due to sudden significant changes in the international economic situation, the overall performance indicators set forth in this item cannot be anticipated at the time of formulation of these regulations, and such changes have a significant impact on the company's operations, the Compensation Committee may propose adjustments to the performance indicators or allocation ratios, which shall be decided by the board of directors and applied accordingly.

(ii) Employee individual performance indicators are distributed restricted stock rights to employees. The vesting periods are respectively one year, two years, and three years. The individual annual performance indicators of employees in the same year as the company's overall performance indicators are evaluated. If individual performance is rated as A+ (excellent) in the final performance assessment of the year, they will receive 100% of the allocation. Those rated as A (meeting targets) will be eligible to receive 80% of the allocated shares for that year. Those rated as B (partially meeting) or below will immediately forfeit the qualification to receive the allocated shares for the current year.

2. The maximum percentage of newly allocated RSA that can be vested on each anniversary date is as follows: Upon completion of one year: 33%, upon completion of two years: 33%, upon completion of three years: 34%. The allocation of shares is based on vested units.

(4) Treatment of Unfulfilled Conditions for Employees:

1. For employees subject to newly allocated RSA who voluntarily resign, are dismissed or laid off by the Company, retire, or are transferred to related companies on their own initiative within three years, the Company shall reclaim the stocks not vested by the employees at no cost.
2. For employees subject to newly allocated RSA who are granted leave without pay approved by the Company within three years, if they are not in service on the day of vesting expiration, the stocks for that period shall be reclaimed and canceled by the Company.
3. In the event of job adjustments such as promotion or transfer to other positions, the Chairman of the Company shall reassess the number of shares to be allocated and the conditions for acquisition for the new position within the range of unvested shares allocated to employees based on the responsibilities and future contribution potential of the new position.

VI. Estimated Based on the closing price of the company's common stock on April 26, 2024, at NT\$214.5 per share, and an estimated issued shares count of 66,091,364 shares, the expense recognition amounts for the years 2024 to 2027 are approximately NT\$26,068

thousands, NT\$49,156 thousands, NT\$23,684 thousands, and NT\$8,342 thousands, respectively, with corresponding earnings per share impacts of approximately NT\$0.39, NT\$0.74, NT\$0.36, and NT\$0.13. Considering the overall assessment above, the impact on the future earnings per share of the company appears to be limited, and there are no significant effects on shareholders' equity.

- VII. Regarding the terms of the issuance of RSA to employees, in the event of any necessary revisions or adjustments due to directives from regulatory authorities or amendments to relevant laws and regulations, it is proposed to authorize the Board of Directors or its duly authorized representatives to handle all matters related to the issuance of restricted stock units to employees, subject to approval at the shareholders' meeting.

Resolution:

Election Matters

Proposed by board of directors

ONE

Proposal: Comprehensive re-election of the Company's directors proposal, for your election

Explanation:

1. The term of office of the Company's current directors ended on July 6, 2023, programed to elect seven directors, the number of elected directors mentioned above shall include four independent directors, three directors, and according to Articles of Incorporation, the election of directors shall be adopted the candidates nomination system. The term of office of the current directors ended after the election at the shareholders' meeting, and new directors shall take office after the election, and the term of office of new directors is from June 18, 2024 to June17, 2027, but he/she may be eligible for re-election.
2. The director candidate list was approved by board of directors on May 6, 2023, and the related information is listed as follows:

Title	Name	Education/work experiences	Curren position	Shareholding numbers
Director	Sunrise Investment Co., Ltd.	Not applicable	Not applicable	6,100,000
Director	Dellson Investment Co., Ltd. Representative: Chang, Tai-Yuan	Master of Business Administration, EMBA of National Taipei University Chairman of JARSON PRECISION TECHNOLOGY CO., LTD.	Chairman & General manager of JARLLYTEC CO., LTD. Director representative, Sunrise Investment Co., Ltd. Chairman of Dellson Investment Co., Ltd.	3,864,000
Director	Young Win Assets Management CO., LTD.	Not applicable	Not applicable	1,550,000
Independent director	Wu, Sou-Shan	PhD of Department of Finance, Insurance & Real Estate, University of Florida Master's degree of Institute of Management of Science, National Chiao Tung University Bachelor's degree of Department of Accounting and Statistics, National Chung Hsing University Independent director of	Chair professor of National Taiwan Normal University Independent director of Citibank Taiwan Independent director of Energenesis Biomedical Co., Ltd. Consultant of Taiwan Institute of Economic Research Supervisor of the board of directors, Nan Kai University	0

Title	Name	Education/work experiences	Curren position	Shareholding numbers
		<p>Yuanta Financial Holding Co., Ltd. (and Yuanta Securities Co., Ltd.)</p> <p>Professor and dean of College of Management, Chang Gung University</p> <p>Professor of Chiao Tung University</p> <p>Consultant of Sate-owned Enterprise Commission, Ministry of Economic Affairs</p> <p>Supervisor of Hua Nan Financial Holding Co. (and permanent in Hua Nan Bank)</p> <p>Chairman of Securities & Futures Institute</p> <p>Chairman of Taipei Exchange</p>	<p>of Technology</p> <p>Supervisor of Private School HSING,HSUEH Foundation</p>	
Independent director	Yang, Shang-Hsien	<p>Department of Accounting, Tamkang University</p> <p>Accountant of Baker Tilly Clock & Co</p> <p>Accountant of Lan-Jai CPAs Firm</p>	<p>Accountant of Cheng Yang CPAs Firm</p> <p>Juristic representative director of YesHealth Agri-Biotechnology Co., Ltd.</p> <p>Independent director of Da Hui Limited</p> <p>Independent director of REPOND Co., Ltd.</p> <p>Supervisor of Chip Hope Co., Ltd.</p> <p>Independent director of Yeedex Electronic Corporation</p> <p>Supervisor of A Shine Biotech Corp.</p> <p>Director of INTER GREAT HOLDINGS LTD.</p>	0
Independent director	Lee, Chien-Ming	<p>Master of Business Administration, EMBA of National Taiwan University</p> <p>PhD of Department of</p>	<p>Vice general manager of TPK Holding Co., Ltd.</p> <p>General manager of TPK</p>	0

Title	Name	Education/work experiences	Curren position	Shareholding numbers
		<p>Science, New York University Tandon School of Engineering Master's degree of Department of Science, Fu Jen Catholic University Bachelor's degree of Department of Science, Fu Jen Catholic University Asia area manager of Ciba Specialty Chemicals Inc. General manager of the subsidiary, View Sonic Group(Sintech Technology Corp./Opti International Corp., Taiwan) Vice general manger of Marketing and Purchasing Departments, Chan Mao Optoelectronics Co., Ltd. Taiwan's General manager of LG Display Co., Ltd. General manager of Asian Chemical Group Division</p>	<p>Auto Tech (Xiamen) Limited</p> <p>Independent director of UNIC TECHNOLOGY CORP.</p>	
Independent director	Lee, Hsing-Chin	<p>Ph.D., Department of English, University of Birmingham, UK</p> <p>M.A., Department of English, University of Birmingham, U</p> <p>B.A., Department of English, National Taiwan Normal University</p> <p>See accompanying notes to financial statements.</p> <p>English Language Teaching and Learning Association (ETA-ROC)</p> <p>Business English Consultant, New Taipei City Industrial Association</p>	<p>Associate Professor, Department of Applied Foreign Languages, National Taipei University of Business</p>	0

4. Please comply with the Company's Regulations of Directors Election, for your election.

Result of election:

Other Proposals

Proposed by board of directors

ONE

Proposal: Lifting restrictions of non-compete prohibition of new-elected directors, for your approval.

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. As business needs, the Company's directors reported to a shareholders' meeting for approving to lift restrictions of non-compete prohibition of new-elected directors without impairing the Company's benefits as follows, for your approval.

Title	Name	Concurrent company name	Business	Position
Independent director	Yang, Shang-Hsien	YesHealth Agri-Biotechnology Co., Ltd.	Biotechnology industry	Juristic person /representative director
		Da Hui Co., Ltd.	Production and sales of motorcycle components and baby products	Independent director
		Nan Juen International Co., Ltd.	Electronic components industry	Independent director
		Yeedex Electronic Corporation	Semiconductor industry	Independent director
Independent director	Lee, Chien-Ming	TPK Holding Co., Ltd.	Optoelectronics industry	Vice general manager
		TPK Auto Tech (Xiamen) Limited	Computer, communications and other electronic equipment manufacturing	General manager
		Unic Technology Corp.	Other Electronic	Independent director

Resolution:

Extemporaneous Motions

Adjournment

2023 Business Report

I. Annual summary and future prospects

In the year 2023, amidst ongoing global challenges including international inflationary pressures, escalation of conflicts such as the Ukraine-Russia war, slowdown in the Chinese economy, resurgence of US-China technology disputes, and escalating impacts of climate change, the global economic growth rate in 2023 was lower compared to the previous year. Taiwan's economy faced challenges due to global economic downturn and industrial inventory adjustments, resulting in strong domestic demand but weakened investment and exports. This slowdown in economic momentum posed considerable difficulties to overall operations. Nevertheless, despite the dynamic environment, Megatech remained undeterred and achieved record-breaking revenues in the fiscal year 2023, thanks to the concerted efforts of all employees.

With major smartphone manufacturers progressively introducing foldable phones, Display Supply Chain Consultants (DSCC) estimated a 23% year-on-year increase in foldable smartphone shipments to approximately 15.8 million units in 2023. Among these, the hinge serves as a critical component determining the cost of foldable phones and is responsible for key functionalities affecting consumer experiences such as device lifespan, opening and closing feel, and screen crease depth. With years of deep involvement in the foldable product ecosystem and a solid technological foundation, our company has actively invested in technical development. Presently, significant breakthroughs have been achieved in foldable phone hinge technology, contributing substantially to revenue and becoming a pivotal segment in the company's business landscape.

Looking ahead, with gradual depletion of laptop inventories and favorable conditions amidst easing inflation, the recent surge in the forecasted probability of interest rate cuts in the United States, coupled with the generational shift in Microsoft operating systems to drive system security upgrades among enterprise users, is expected to stimulate demand for laptop replacements. Research institutions anticipate a gradual improvement in laptop market demand in 2024, with a global notebook market expected to experience moderate growth, reaching approximately 172 million units with a year-on-year growth rate of about 3.6%. In this era of digital acceleration, Megatech will seize market trends, continue to develop new products related to hinges, such as foldable tablets and foldable laptops, fully leveraging competitive advantages to pioneer new frontiers.

Our company JARLLYTEC CO., LTD. remains committed to achieving sustainable development goals and actively contributes to environmental, social, and corporate governance efforts. With robust technological development capabilities and numerous accolades in corporate governance, Megatech actively pursues the trend of low-carbon development, continuously investing in and promoting the integration of renewable energy into products to create more business opportunities and innovations, in line with global decarbonization goals. This is our commitment to the planet and future generations, and a concrete action to fulfill our social responsibilities. To achieve this goal, we actively align with international ESG trends, such as joining the Taiwan Climate Alliance and adhering to business alliance codes of conduct. Such strategies ensure our outstanding performance in corporate governance and social responsibility, earning trust and support from customers. We will continue to strive for a better, more environmentally friendly world together.

II. Operational results

(1) Financial performance

Consolidated revenue for the year 2023 was NT\$8.221 billion, a increase of about 17.09% compared to the previous year. Net profit for the current period rose to 535 million due to product combinations and exchange rate fluctuations, a growth of 12.94% compared to the previous year. Basic earnings per share was NT\$8.69.

(2) Budget implementation

As the Company has no public finance prediction in 2023, the budget implementation will not be stated.

(3) Financial revenue and expenditure & profitability analysis

Unit: NT\$ 1,000

Item		2023	2022
Financial revenue and expenditure	Operating revenue	8,220,663	7,020,608
	Operating margin	1,483,249	1,403,982
	Operating expenses	892,987	951,282
	Net profit before tax	737,971	724,498
	Net income	535,278	473,968
Profitability	Return on assets (%)	5.75	5.41
	Return on equity (%)	10.87	10.88
	Ratio of income before tax to paid-in capital (%)	111.65	120.50
	Net profit ratio (%)	6.51	6.75
	Earnings per share (NT\$)	8.69	7.88

Note: This table is the data of Jarllytec Group

(4) Research and development

The investment in research and development in 2023 was NT\$223,795 thousand, accounting for approximately 2.72% of total revenue, a increase of NT\$2,852 thousand compared to NT\$220,943 thousand in 2022. The company now mainly focuses on the research and development of laptop hinges, all-in-one computers (AIO PC), LCD monitor stands, video camera hinges, and flexible display hinges. In addition to applications in foldable smartphones, we are also developing flexible hinge mechanisms for other product categories. These flexible hinge mechanisms are expected to undergo verification and enter the market gradually over the next year.

Furthermore, in response to the world's increasing focus on environmental protection, we continue to introduce new materials with higher recycling ratios. By increasing the usage of recycled materials in our products, we aim to reduce carbon emissions and fulfill our corporate social responsibility. Over the long term, Megatech's research and development team closely collaborates with customers, conducting regular product discussions to fully grasp future market trends. This collaboration serves as a guiding principle for our internal research and development efforts. For the internal R&D department, we actively encourage innovative research and 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.

III. Business plan

(1) Significant management policies

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

The Company has no financial forecasts to be disclosed for the year 2023, therefore, there is no explanation for the expected sales volume and its basis.

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

- (1) The Company executes all operations in compliance with relevant laws and regulations, therefore, the regulation environment has made no significant impact to the Company.
- (2) Sound financial position and sufficient funds, along with good credit, enable JARLLYTEC CO., LTD. to maintain continuous supply from the supplier end, securing a favorable position of being the priority. JARLLYTEC CO., LTD. maintains advantageous levels of inventory, sufficient to address urgent orders and unforeseen circumstances, thereby reducing inventory costs and time. With the support of both existing clients and new technologies and patents, as well as steady progress in related products such as AR/VR and surveillance beasts, JARLLYTEC CO., LTD. is poised for a fruitful year of market expansion and double profit in 2024.
- (3) In the overall business environment, following the inventory adjustments in the laptop industry in the years 2022 and 2023, market inventory has stabilized. Furthermore, with Microsoft's plan to cease support for Windows 10 in October 2025, the replacement demand in the commercial market has gradually emerged since the fourth quarter of 2023. It is anticipated that more AI laptops will be introduced to the market in 2023, leading to a slight growth in the manufacturing output of laptops compared to the same period in 2022. Additionally, the shipment volume of liquid crystal monitors is expected to improve slightly, indicating a positive trend in the industry's business climate. At JARLLYTEC Tech, we strive for excellence, dedicating a certain amount of resources to research and development each year. We have achieved remarkable results in acquiring new technologies and patents. Furthermore, we plan to horizontally coordinate and vertically integrate, aiming to reduce costs and optimize all expenditures for the most streamlined business management.

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

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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Jarllytec Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2022. 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

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

Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to financial statements.

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(s) and 7)	\$ 2,276,307	100	3,376,042	100
5000	Operating costs (Note 6(e)(o) and 7)	<u>2,148,643</u>	<u>94</u>	<u>2,869,992</u>	<u>85</u>
	Gross profit	127,664	6	506,050	15
5910	Unrealized loss (profit) from sales	<u>(439)</u>	<u>-</u>	<u>535</u>	<u>-</u>
	Net gross profit	<u>127,225</u>	<u>6</u>	<u>506,585</u>	<u>15</u>
	Operating expenses (Note 6(c)(m)(o)(t)):				
6100	Selling expenses	73,317	3	212,555	6
6200	Administrative expenses	188,924	8	187,522	6
6300	Research and development expenses	123,051	5	109,223	3
6450	Expect credit loss (gain)	<u>(3,968)</u>	<u>-</u>	<u>7,431</u>	<u>-</u>
	Total operating expenses	<u>381,324</u>	<u>16</u>	<u>516,731</u>	<u>15</u>
	Net operating income (loss)	<u>(254,099)</u>	<u>(10)</u>	<u>(10,146)</u>	<u>-</u>
	Non-operating income and expenses:				
7010	Other income (Note 6(u) and 7)	186,852	8	111,655	3
7020	Other gains and losses, net (Note 6(b)(u) and 7)	(16,777)	(1)	93,754	3
7050	Finance costs (Note 6(l)(m)(u))	(11,513)	(1)	(9,312)	-
7070	Share of profit of associates accounted for using equity method	589,416	26	373,151	11
7100	Interest income (Note 6(u))	<u>36,693</u>	<u>2</u>	<u>14,600</u>	<u>-</u>
	Total non-operating income and expenses	<u>784,671</u>	<u>34</u>	<u>583,848</u>	<u>17</u>
7900	Profit from continuing operations before tax	530,572	24	573,702	17
7950	Less: Income tax expenses (benefits) (Note 6(p))	<u>(4,706)</u>	<u>-</u>	<u>99,734</u>	<u>3</u>
	Profit	<u>535,278</u>	<u>24</u>	<u>473,968</u>	<u>14</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (Note 6(o))	(6,116)	-	15,121	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	15,722	1	(7,973)	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method – items that will not be reclassified to profit or loss	(77)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>9,529</u>	<u>1</u>	<u>7,148</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(69,777)	(3)	37,279	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(69,777)</u>	<u>(3)</u>	<u>37,279</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>(60,248)</u>	<u>(2)</u>	<u>44,427</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 475,030</u>	<u>22</u>	<u>518,395</u>	<u>15</u>
	Earnings per share (NT dollars) (Note 6(R))				
9750	Basic earnings per share	<u>\$ 8.69</u>		<u>7.88</u>	
9850	Diluted earnings per share	<u>\$ 8.10</u>		<u>7.35</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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity		
	Ordinary shares	Advance receipts for share capital	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	Total equity
Balance at January 1, 2022	\$ 601,214	-	1,334,534	380,412	1,292	1,888,521	(95,607)	19,122	4,129,488
Profit	-	-	-	-	-	476,968	-	-	473,968
Other comprehensive income	-	-	-	-	-	15,121	37,279	(7,973)	44,427
Total comprehensive income	-	-	-	-	-	489,089	37,279	(7,973)	518,395
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	24,351	-	(24,351)	-	-	-
Special reserve	-	-	-	-	75,193	(75,193)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(120,243)	-	-	(120,243)
Other changes in capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	50,911	-	-	-	-	-	50,911
Balance at December 31, 2022	601,214	-	1,385,445	404,763	76,485	2,157,823	(58,328)	11,149	4,578,551
Profit	-	-	-	-	-	535,278	-	-	535,278
Other comprehensive income	-	-	-	-	-	(6,116)	(69,777)	15,645	(60,248)
Total comprehensive income	-	-	-	-	-	529,162	(69,777)	15,645	475,030
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	48,909	-	(48,909)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(180,364)	-	-	(180,364)
Reversal of special reserve	-	-	-	-	(29,306)	(29,306)	-	-	-
Conversion of convertible bonds	46,939	12,761	329,978	-	-	-	-	-	389,678
Balance at December 31, 2023	\$ 648,153	12,761	1,715,423	453,672	47,179	2,487,018	(128,105)	26,794	5,262,895

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 530,572	573,702
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	121,542	130,388
Amortization expense	8,965	7,843
Expected credit loss (gain)	(3,968)	7,431
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(389)	200
Interest expense	11,513	9,311
Interest revenue	(36,693)	(14,600)
Dividend revenue	(2,503)	(9,597)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(589,416)	(373,151)
Gain from disposal of property, plant and equipment	(4)	(1,133)
Loss on disposals of investments	-	106
Unrealized loss (gain) from sales	439	(535)
Total adjustments to reconcile profit (loss)	(490,514)	(243,737)
Changes in operating assets and liabilities:		
Notes receivables	370	283
Accounts receivables	288,235	435,689
Accounts receivables-related parties	2,234	13,413
Other receivables	(4,027)	6,220
Other receivable-related parties	(49,140)	30,736
Inventories	98,112	(72,254)
Prepayments	(4,775)	4,841
Other current assets	533	2,180
Notes payables	(2,135)	(16,732)
Accounts payables	(72,108)	(165,701)
Accounts payables-related parties	(251,294)	(140,525)
Other payables	(8,843)	168,556
Other payables-related parties	8,413	(2,520)
Other current liabilities	5,352	(12,061)
Net defined benefit liability	(121)	(401)
Total changes in operating assets and liabilities	10,806	251,724
Total adjustments	(479,708)	7,987
Cash inflow generated from operations	50,864	581,689
Interest received	37,024	11,514
Interest paid	(7,475)	(9,329)
Income taxes paid	(13,894)	(60,045)
Net cash flows from operating activities	66,519	523,829
Cash flows used in investing activities:		
Proceeds from refund of paid-up capital of financial assets at fair value through other comprehensive income	10,150	-
Acquisition of investments accounted for using equity method	(247,903)	-
Disposal of subsidiaries	-	33
Acquisition of property, plant and equipment	(32,001)	(21,636)
Disposal of property, plant and equipment	5	2,211
Acquisition of intangible assets	(1,571)	(3,350)
Disposal of intangible assets	-	230
Increase in prepayments for equipment	(29,607)	(31,366)
Increase in other non-current assets - others	(8,065)	(2,713)
Dividends received	2,503	15,899
Net cash flows used in investing activities	(306,489)	(40,692)
Cash flows from financing activities:		
Increase in short-term borrowings	400,000	-
Decrease in short-term borrowings	-	(115,000)
Issuance of corporate bonds	-	436,932
Proceeds from long-term borrowings	-	62,945
Repayments of long-term borrowings	(217,361)	(238,056)
Payment of principal of lease liabilities	(259)	(257)
Cash dividends paid	(180,364)	(120,243)
Net cash flows from financing activities	2,016	26,321
Net increase (decrease) in cash and cash equivalents	(237,954)	509,458
Cash and cash equivalents at beginning of period	1,190,405	680,947
Cash and cash equivalents at end of period	<u>\$ 952,451</u>	<u>1,190,405</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, 2023 and 2022 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 and 2022, 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 2,967,196	29	2,841,048	31	2100	Short-term borrowings (Note 6(j) and 8)	\$ 629,810	6	515,833	6
1110	Current financial assets at fair value through profit or loss (Note 6(b))	15,386	-	29,155	-	2170	Notes and accounts payables	2,431,380	24	1,573,815	18
1170	Notes and accounts receivables, net (Note 6(c)(t))	3,018,798	30	2,395,310	26	2200	Other payables (Note 6(k))	1,157,079	11	1,113,971	12
1200	Other receivables, net (Note 6(d))	37,930	-	46,109	1	2230	Current tax liabilities	74,508	1	63,163	1
1220	Current income tax assets	6,120	-	8,413	-	2280	Current lease liabilities (Note 6(n))	29,273	-	31,911	-
130X	Inventories (Note 6(e))	866,940	9	679,004	8	2322	Long-term borrowings, current portion (Note 6(l) and 8)	186,111	2	217,361	3
1410	Prepayments and other current assets (Note 6(6))	106,371	1	78,805	1	2399	Other current liabilities	29,480	-	24,007	-
Total current assets		<u>7,018,741</u>	<u>69</u>	<u>6,077,844</u>	<u>67</u>	Total current liabilities		<u>4,537,641</u>	<u>44</u>	<u>3,540,061</u>	<u>40</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through comprehensive income (Note 6(b))	254	-	657	-	2530	Bonds payable (Note 6(m))	-	-	386,421	4
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	122,164	1	83,032	1	2540	Long-term borrowings (Note 6(l) and 8)	68,810	1	254,921	3
1600	Property, plant and equipment (Note 6(g) and 8)	2,540,155	25	2,454,189	27	2570	Deferred income tax liabilities (Note 6(q))	181,442	2	181,549	2
1755	Right-of-use assets (Note 6(h))	234,285	3	254,101	3	2580	Non-current lease liabilities (Note 6(n))	65,232	1	77,142	1
1780	Intangible assets (Note 6(i))	21,646	-	21,715	-	2640	Net defined benefit liability, non-current (Note 6(p))	37,267	-	31,272	-
1840	Deferred income tax assets (Note 6(q))	44,729	-	29,790	-	2670	Other non-current liabilities, others	2,992	-	2,915	-
1915	Prepayments for equipment	55,352	1	71,313	1	Total non-current liabilities		<u>355,743</u>	<u>4</u>	<u>934,220</u>	<u>10</u>
1990	Other non-current assets, others (Note 6(f))	118,953	1	60,191	1	Total liabilities		<u>4,893,384</u>	<u>48</u>	<u>4,474,281</u>	<u>50</u>
Total non-current assets		<u>3,137,538</u>	<u>31</u>	<u>2,974,988</u>	<u>33</u>	Equity attributable to owners of the parent (Note 6(r)):					
						Share capital					
3110	Ordinary share	648,153	7	601,214	7						
3140	Advance receipts for share capital	12,761	-	-	-						
		<u>660,914</u>	<u>7</u>	<u>601,214</u>	<u>7</u>						
3200	Capital surplus	1,715,423	17	1,385,445	15						
						Retained earnings:					
3310	Legal reserve	453,672	4	404,763	4						
3320	Special reserve	47,179	-	76,485	1						
3350	Unappropriated retained earnings	2,487,018	25	2,157,823	24						
		<u>2,987,869</u>	<u>29</u>	<u>2,639,071</u>	<u>29</u>	Other equity:					
3410	Exchange differences on translation of foreign financial statements	(128,105)	(1)	(58,328)	(1)						
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	26,794	-	11,149	-						
		<u>(101,311)</u>	<u>(1)</u>	<u>(47,179)</u>	<u>(1)</u>	Total equity		<u>5,262,895</u>	<u>52</u>	<u>4,578,551</u>	<u>50</u>
Total assets		<u>\$ 10,156,279</u>	<u>100</u>	<u>9,052,832</u>	<u>100</u>	Total liabilities and equity		<u>\$ 10,156,279</u>	<u>100</u>	<u>9,052,832</u>	<u>100</u>

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(t))	\$ 8,220,663	100	7,020,608	100
5000	Operating costs (Note 6(e)(p))	<u>6,737,414</u>	<u>82</u>	<u>5,616,626</u>	<u>80</u>
	Net gross profit	<u>1,483,249</u>	<u>18</u>	<u>1,403,982</u>	<u>20</u>
	Operating expenses (Note 6(c)(n)(p)(r)(u)):				
6100	Selling expenses	222,061	3	348,007	5
6200	Administrative expenses	452,632	6	372,376	5
6300	Research and development expenses	223,795	3	220,943	3
6450	Expected credit loss (gain)	<u>(5,501)</u>	<u>-</u>	<u>9,956</u>	<u>-</u>
	Total operating expenses	<u>892,987</u>	<u>12</u>	<u>951,282</u>	<u>13</u>
	Net operating income	<u>590,262</u>	<u>6</u>	<u>452,700</u>	<u>7</u>
	Non-operating income and expenses (Note 6(b)(m)(n)(v)):				
7010	Other income	112,872	1	157,698	2
7020	Other gains and losses, net	1,307	-	110,514	2
7050	Finance cost	(21,476)	-	(20,487)	-
7100	Interest income	<u>55,006</u>	<u>1</u>	<u>24,073</u>	<u>-</u>
	Total non-operating income and expenses	<u>147,709</u>	<u>2</u>	<u>271,798</u>	<u>4</u>
	Profit from continuing operations before tax	<u>737,971</u>	<u>8</u>	<u>724,498</u>	<u>11</u>
7950	Less: Income tax expenses (Note 6(q))	<u>202,693</u>	<u>2</u>	<u>250,530</u>	<u>4</u>
	Profit	<u>535,278</u>	<u>6</u>	<u>473,968</u>	<u>7</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (Note 6(p))	(6,116)	-	15,121	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	15,645	-	(7,973)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>9,529</u>	<u>-</u>	<u>7,148</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(69,777)	(1)	37,279	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(69,777)</u>	<u>(1)</u>	<u>37,279</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>(60,248)</u>	<u>(1)</u>	<u>44,427</u>	<u>1</u>
8500	Total comprehensive income	<u><u>\$ 475,030</u></u>	<u><u>5</u></u>	<u><u>518,395</u></u>	<u><u>8</u></u>
	Profit attributable to:				
8610	Shareholders of parent	<u><u>\$ 535,278</u></u>	<u><u>6</u></u>	<u><u>473,968</u></u>	<u><u>7</u></u>
	Other comprehensive income attributable to:				
8710	Shareholders of parent	<u><u>\$ 475,030</u></u>	<u><u>5</u></u>	<u><u>518,395</u></u>	<u><u>8</u></u>
	Earnings per share (NT dollars) (Note 6(t))				
9750	Basic earnings per share	<u><u>\$ 8.69</u></u>		<u><u>7.88</u></u>	
9850	Diluted earnings per share	<u><u>\$ 8.10</u></u>		<u><u>7.35</u></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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve			Unappropriated retained earnings	
Balance at January 1, 2022	\$ 601,214	-	1,334,534	380,412	1,292	1,888,521	(95,607)	19,122	4,129,488
Profit	-	-	-	-	-	476,968	-	-	473,968
Other comprehensive income	-	-	-	-	-	15,121	37,279	(7,973)	44,427
Total comprehensive income	-	-	-	-	-	489,089	37,279	(7,973)	518,395
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	24,351	-	(24,351)	-	-	-
Special reserve	-	-	-	-	75,193	(75,193)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(120,243)	-	-	(120,243)
Other changes in capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	50,911	-	-	-	-	-	50,911
Balance at December 31, 2022	601,214	-	1,385,445	404,763	76,485	2,157,823	(58,328)	11,149	4,578,551
Profit	-	-	-	-	-	535,278	-	-	535,278
Other comprehensive income	-	-	-	-	-	(6,116)	(69,777)	15,645	(60,248)
Total comprehensive income	-	-	-	-	-	529,162	(69,777)	15,645	475,030
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	48,909	-	(48,909)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(180,364)	-	-	(180,364)
Reversal of special reserve	-	-	-	-	(29,306)	(29,306)	-	-	-
Conversion of convertible bonds	46,939	12,761	329,978	-	-	-	-	-	389,678
Balance at December 31, 2023	\$ 648,153	12,761	1,715,423	453,672	47,179	2,487,018	(128,105)	26,794	5,262,895

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before tax	\$ 737,971	724,498
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	318,487	299,164
Amortization expense	29,384	24,124
Expected credit loss (gain)	(5,501)	9,956
Net loss (gain) on financial assets at fair value through profit or loss	(4,474)	9,229
Interest expense	21,476	20,487
Interest revenue	(55,006)	(24,073)
Dividend revenue	(7,211)	(16,374)
Loss from disposal of property, plant and equipment	5,629	11,507
Gain (loss) on disposal of intangible assets	10	(1)
Gain on disposal of investments	-	(14,651)
Other	-	8,095
Total adjustments to reconcile profit (loss)	<u>302,794</u>	<u>327,463</u>
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	18,057	(29,351)
Notes receivables	783	606
Accounts receivables	(618,899)	776,503
Other receivables	8,259	10,116
Inventories	(187,936)	125,768
Prepayments	(28,522)	21,861
Other current assets	(979)	8,673
Notes payables	(2,134)	(16,733)
Accounts payables	859,699	(665,182)
Other payables	43,863	54,864
Other current liabilities	5,473	(14,726)
Net defined benefit liability	(121)	(400)
Total changes in operating assets and liabilities	<u>97,543</u>	<u>271,999</u>
Total adjustments	<u>400,337</u>	<u>599,462</u>
Cash inflow generated from operations	1,138,308	1,323,960
Interest received	54,926	20,857
Interest paid	(15,941)	(18,782)
Income taxes paid	(204,101)	(177,273)
Net cash flows from operating activities	<u>973,192</u>	<u>1,148,762</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(34,111)	-
Proceeds from refund of paid-up capital of financial assets at fair value through other comprehensive income	10,150	-
Acquisition of financial assets at fair value through profit or loss	(1,586,711)	(1,540,155)
Disposal of financial assets at fair value through profit or loss	1,586,711	1,585,662
Acquisition of property, plant and equipment	(202,556)	(92,200)
Disposal of property, plant and equipment	1,300	10,401
Acquisition of intangible assets	(9,427)	(8,462)
Disposal of intangible assets	-	231
Increase in other non-current assets - others	(78,716)	(8,081)
Increase in prepayments for equipment	(155,075)	(163,129)
Dividends received	7,211	16,374
Net cash flows used in investing activities	<u>(461,224)</u>	<u>(199,359)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	121,287	-
Decrease in short-term borrowings	-	(208,844)
Issuance of bonds	-	436,932
Proceeds from long-term borrowings	-	62,945
Repayments of long-term borrowings	(217,361)	(238,056)
Payment of principal of lease liabilities	(45,304)	(52,302)
Increase in other non-current liabilities - others	77	559
Cash dividends paid	(180,364)	(120,243)
Net cash flows used in financing activities	<u>(321,665)</u>	<u>(119,009)</u>
Effect of exchange rate changes on cash and cash equivalents	(64,155)	122,730
Net increase in cash and cash equivalents	126,148	953,124
Cash and cash equivalents at beginning of period	<u>2,841,048</u>	<u>1,887,924</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,967,196</u></u>	<u><u>2,841,048</u></u>

Attachment 3 Comparison of Amendment of Articles of Incorporation

Amended articles	Current articles	Revised explanation
<p>Article 2 The scope of business of the Company shall be as follows: <u>a)CA02030 Screw, Nut and Rivet Manufacturing</u> <u>b)CA02040 Spring Manufacturing</u> <u>c)CA02990 Other Metal Products Manufacturing</u> <u>d)CA05010 Powder Metallurgy</u> <u>e)CB01081 Guns , Ammunition Major Component Parts Manufacturing</u> <u>f)CB01990 Other Machinery Manufacturing</u> <u>g)CC01020 Electric Wires & Cables Manufacturing</u> <u>h)CC01040 Lighting Equipment Manufacturing</u> <u>i)CC01060 Wired Communication Mechanical Equipment Manufacturing</u> <u>j)CC01080 Electronics Components Manufacturing</u> <u>k)CC01110 Computer and Peripheral Equipment Manufacturing</u> <u>l)CD01030 Motor Vehicles and Parts Manufacturing</u> <u>m)CD01050 Bicycles and Parts Manufacturing</u> <u>n)CP01010 Hand Tools Manufacturing</u> <u>o)CQ01010 Mold and Die Manufacturing</u> <u>p)F119010 Wholesale of Electronic Materials</u> <u>q)F219010 Retail Sale of Electronic Materials</u> <u>r)F401010 International Trade</u> <u>s)F401091 Export and Import of Guns, Ammunition and Knives</u> <u>t)ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval</u></p>	<p>Article 2 The scope of business of the Company shall be as follows: <u>a)CA02040 Spring Manufacturing.</u> <u>b)CA02990 Other Metal Products Manufacturing</u> <u>c)CB01990 Other Machinery Manufacturing</u> <u>d)CC01020 Electric Wires & Cables Manufacturing</u> <u>e)CC01040 Lighting Equipment Manufacturing</u> <u>f)CC01060 Wired Communication Mechanical Equipment Manufacturing</u> <u>g)CC01080 Electronics Components Manufacturing</u> <u>h)CC01110 Computer and Peripheral Equipment Manufacturing</u> <u>i)CQ01010 Mold and Die Manufacturing</u> <u>j)F119010 Wholesale of Electronic Materials</u> <u>k)F219010 Retail Sale of Electronic Materials</u> <u>l)F401091 Export and Import of Guns, Ammunition and Knives</u></p>	<p>To comply with the Company's operating needs</p>
<p>Article 6 The total capital stock of the Company shall be in the amount of 1,200,000,000 New Taiwan Dollars, divided into 120,000,000 shares, at ten New Taiwan Dollars each, au-thorized 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) <u>When the Company buys back its shares, issues share subscription warrant and restricted stock awards, reserves the share subscription rights for employees when issues new</u></p>	<p>Article 6 The total capital stock of the Company shall be in the amount of 1,200,000,000 New Taiwan Dollars, divided into 120,000,000 shares, at ten New Taiwan Dollars each, au-thorized 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)</p>	<p>To comply with the Company's operating needs</p>

Amended articles	Current articles	Revised explanation
<u>shares in accordance with the laws, the employees who are entitled to receive the aforementioned stock or rights may include the employees of parents or subsidiaries of the Company meeting certain specific requirements.</u>		
<p>Article 30</p> <p>The Articles of Incorporation was drawn up on June 25, 2004.</p> <p>The 1st amendment was made on December 3, 2004.</p> <p>The 2nd amendment was made on June 30, 2005.</p> <p>The 3rd amendment was made on May 30, 2006.</p> <p>The 4th amendment was made on June 30, 2006.</p> <p>The 5th amendment was made on June 13, 2007.</p> <p>The 6th amendment was made on June 19, 2008.</p> <p>The 7th amendment was made on June 19, 2009.</p> <p>The 8th amendment was made on June 18, 2010.</p> <p>The 9th amendment was made on June 6, 2012.</p> <p>The 10th amendment was made on June 10, 2013.</p> <p>The 11th amendment was made on June 21, 2016.</p> <p>The 12th amendment was made on June 21, 2018.</p> <p>The 13th amendment was made on June 18, 2019.</p> <p>The 14th amendment was made on June 19, 2020.</p> <p>The 15th amendment was made on July 7, 2021.</p> <p>The 16th amendment was made on June 21, 2022.</p> <p>The 17th amendment was made on June 13, 2023.</p> <p><u>The 18th amendment was made on June 18, 2024.</u></p>	<p>Article 30</p> <p>The Articles of Incorporation was drawn up on June 25, 2004.</p> <p>The 1st amendment was made on December 3, 2004.</p> <p>The 2nd amendment was made on June 30, 2005.</p> <p>The 3rd amendment was made on May 30, 2006.</p> <p>The 4th amendment was made on June 30, 2006.</p> <p>The 5th amendment was made on June 13, 2007.</p> <p>The 6th amendment was made on June 19, 2008.</p> <p>The 7th amendment was made on June 19, 2009.</p> <p>The 8th amendment was made on June 18, 2010.</p> <p>The 9th amendment was made on June 6, 2012.</p> <p>The 10th amendment was made on June 10, 2013.</p> <p>The 11th amendment was made on June 21, 2016.</p> <p>The 12th amendment was made on June 21, 2018.</p> <p>The 13th amendment was made on June 18, 2019.</p> <p>The 14th amendment was made on June 19, 2020.</p> <p>The 15th amendment was made on July 7, 2021.</p> <p>The 16th amendment was made on June 21, 2022.</p> <p>The 17th amendment was made on June 13, 2023.</p>	<p>Added amended dates.</p>

Attachment 4 2024 Employee Restricted Stock Awards Issuance Regulations

JARLLYTEC CO., LTD.

2024 Employee Restricted Stock Awards Issuance Regulations

Article 1 Purpose of Issuance

The Company aims to attract and retain key talents, motivating colleagues to jointly create higher company and shareholder value. In accordance with Article 267 of the Company Act and relevant regulations such as the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission, the Company has formulated the method for the issuance of new RSA for this occasion.

Article 2 Issue Period

Within two years from the effective notification received from the regulatory authority, the company may, based on actual needs, conduct one or multiple issuances. The actual issuance dates and related operational matters shall be determined by the Board of Directors or by the Chairman of the Board authorized by the Board of Directors.

Article 3 Employee Qualifications and Allocation of Stock Options

- I. To safeguard shareholder rights, the Company will prudently manage this incentive plan. The eligible recipients of stock options are limited to full-time employees of the Company and its 100% controlled or affiliated domestic and international subsidiaries. The eligible employees shall fall into the following categories: 1. Those closely linked to the future strategies and development of the Company. 2. Those significantly impacting the Company's operations. 3. Key core technical personnel. 4. Core new employees, etc.
- II. The actual number of newly issued shares granted to employees and eligible restricted employee rights shall be determined taking into account factors such as tenure, position level, job performance assessment, overall contribution, potential future development contributions, and other relevant factors. Additionally, consideration shall be given to the allocation standards required by the company's operational needs and business development strategies. Prior to submission to the Board of Directors for approval by the Chairman, when the allocated employees are executives, approval shall be obtained from the Remuneration Committee; when the allocated employees are non-executives, approval shall be obtained from the Audit Committee.
- III. Where this Corporation issues employee stock warrants under Article 56-1, paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the cumulative number of shares subscribable by a single optionee of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single optionee, may not exceed 0.3 percent of this Corporation's total issued shares. And the above in combination with the cumulative number of shares subscribable by the single optionee of employee stock warrants issued by this Corporation under Article 56-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers may not exceed 1 percent of the total number of this Corporation's issued shares. In accordance with updated regulations from regulatory authorities, the number of restricted shares that may be granted to a single employee under this provision shall be adjusted accordingly to comply with the updated laws and regulations of the regulatory authorities.
- IV. Employees holding more than 10% of the Company's issued common shares are not included.

Article 4 Total Issuance Amount:

The total issuance amount of newly issued restricted employee stock rights is NTD

5,000,000, with a par value of NTD 10 per share, totaling 500,000 stocks. After receiving the restricted employee stock rights shares, in the event of a change in the par value per share of the company's common stock, the number of shares not yet acquired will be adjusted accordingly.

Article 5 Restrictions on the Conditions for Obtaining New RSA by Employees and Limitations on Shareholders' Rights

1. Issue Price: This issuance is free of charge, at a price of NTD 0 per share.
 2. Type of issuance: Ordinary shares of the Company, newly issued.
 3. Vesting conditions:
 1. For employees who receive restricted stock award (hereinafter referred to as "RSA") and have completed one year since the grant date, and who are still employed and providing services on the anniversary of each vesting period, the number of restricted rights stocks granted for that year will be determined based on the company's overall performance indicators and further adjusted based on individual performance evaluations of employees.
 - (i) Company's Overall Performance Indicators:
 - A. The proportion of entitlement for the year will be determined based on EPS as follows, using the most recent fiscal year's audited consolidated financial statements at the end of the vesting period: EPS > NTD 8 : 100% of allocation, EPS > NTD 7 : 70% of allocation, EPS > NTD 5 (inclusive): 50% of allocation, EPS < NTD 5 : 0% of allocation.
 - B. If significant changes in the international economic situation occur unexpectedly, causing significant impacts on the company's operations, the Compensation Committee may propose adjustments to the performance indicators or allocation ratios, which shall be decided by the board of directors and applied accordingly.
 - (ii) Employee individual performance indicators are distributed restricted stock rights to employees. The vesting periods are respectively one year, two years, and three years. The individual annual performance indicators of employees in the same year as the company's overall performance indicators are evaluated. Individual performance is rated as A+ (excellent) in the final performance assessment of the year, they will receive 100% of the allocation. Those rated as A (meeting targets) will be eligible to receive 80% of the allocated shares for that year. Those rated as B (partially meeting) or below will immediately forfeit the qualification to receive the allocated shares for the current year.
 2. The maximum percentage of newly allocated RSA that can be vested on each anniversary date is as follows: Upon completion of one year: 33%, upon completion of two years: 33%, upon completion of three years: 34%. The allocation of shares is based on vested units.
4. Treatment of Unfulfilled Conditions for Employees:
 1. For employees subject to newly allocated RSA who voluntarily resign, are dismissed or laid off by the Company, retire, or are transferred to related companies on their own initiative within three years, the Company shall reclaim the stocks not vested by the employees at no cost.
 2. For employees subject to newly allocated RSA who are granted leave without pay approved by the Company within three years, if they are not in service on the day of vesting expiration, the stocks for that period shall be reclaimed and canceled by the Company.
 3. In the event of job adjustments such as promotion or transfer to other positions, the Chairman of the Company shall reassess the number of shares to be allocated and the conditions for acquisition for the new position within the range of unvested shares allocated to employees based on the responsibilities and future

contribution potential of the new position.

5. In the event that employees granted shares by the Company violate the labor contract, work rules, or company regulations of the Company or its subsidiaries under certain conditions, the Company may, depending on the severity of the circumstances, reclaim the shares not yet acquired by the employee at no cost and proceed with their cancellation."
6. Employees who suffer from occupational injuries resulting in physical disability or death, or general death, and have not yet obtained restricted employee rights shares shall be processed as follows: (1) For employees who are unable to continue their employment due to disabilities resulting from occupational injuries, the RSA that have not yet vested shall be deemed to have met all vested conditions from the effective date of the employee's resignation. (2) For employees who have died due to occupational injuries or under general circumstances, the RSA that have not yet vested shall be deemed to have met all vested conditions from the date of the employee's death. The heirs may apply for the receipt of the shares or the disposal of the rights and interests to be inherited upon completion of the necessary statutory procedures and provision of relevant documentary evidence.
7. Regarding the no-cost redemption of restricted employee equity shares, the Company shall proceed with their cancellation.
8. Restrictions on Rights of Employees Granted New Shares Prior to Fulfillment of Vesting Conditions are as follows: (1) Prior to the fulfillment of vesting conditions, employees granted new shares are restricted from selling, pledging, transferring, gifting to others, setting, or disposing of such restricted employee rights shares, except for inheritance. Upon fulfillment of the vesting conditions, the shares will be transferred from the trust account to the individual accounts of the employees according to the provisions of the trust custody agreement. (2) Attendance, proposal, speech, voting, and election rights at the shareholders' meeting are executed in accordance with the provisions of the trust custody agreement. (3) Except as provided in the trust agreement, other rights of employees granted restricted employee rights shares under these regulations, prior to the fulfillment of vesting conditions, including but not limited to: dividends, bonuses, rights to capital surplus distribution, and subscription rights to cash increases in capital, are identical to those of the ordinary shares issued by the Company.
9. Other Important Agreements: (1) Upon issuance of new RSA, the shares shall be promptly delivered for direct custody under trust after the issuance. The allocated equity also falls under trust assets, and the trust agreement shall be signed by the Company or individuals designated by the Company with the stock trust custodian on behalf of the employees. (2) From the date of cessation of free allotment of shares by the Company, the date of cessation of cash dividends, the date of cessation of subscription for cash increases in capital, the period of suspension of transfer specified in Article 165, Paragraph 3 of the Company Act, or other legally specified periods of suspension of transfer occurring due to factual circumstances until the rights allocation record date, during which employees meeting the vested conditions shall have their vested shares released from restrictions in accordance with the terms and procedures of the trust custody agreement.

Article 6 Agreement and Confidentiality

1. Once the total number of units, subscription price, distribution principles, and the list of recipients for the issuance of RSA options are determined, the responsible unit shall notify employees to sign the "Restricted Stock Award Option Acceptance Agreement."
2. Upon completion of signing as notified, the granted employees shall obtain the RSA options. Failure to sign as required shall be deemed as a waiver of the options.
3. After signing the "Restricted Stock Award Option Acceptance Agreement,"

employees shall adhere to confidentiality provisions and refrain from disclosing the related contents and personal benefits of this case to others.

4. Any holder of RSA options and derivative benefits obtained through this procedure shall comply with this procedure and the provisions of the "Restricted Stock Award Option Acceptance Agreement." Violators shall be deemed as not meeting the eligibility criteria, and the company may reclaim them free of charge and proceed with cancellation.

Article 7 Tax

Taxes related to the RSA shares shall be handled in accordance with the tax acts of the Republic of China at that time.

Article 8 Implementation Details

The relevant procedures and detailed operation time regarding the list of employees eligible for allocation and signing will be notified separately by the company's responsible unit to the employees eligible for allocation.

Article 9 Implementation and Amendment

1. This regulation shall come into effect after approval by more than two-thirds of the directors attending the board meeting and the attendance of directors exceeding one-half of the total, and after approval by the competent authority, and the same applies to amendments made before issuance. If revisions are required during the review process due to requests from the competent authority, the Chairman is authorized to revise these regulations. Subsequently, it shall be submitted to the board of directors for retrospective approval before issuance.
2. Matters not covered in these regulations shall be handled in accordance with relevant laws and regulations.

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 Spring Manufacturing-
- b)CA02990 Other Metal Products Manufacturing
- c)CB01990 Other Machinery Manufacturing
- d)CC01020 Electric Wires & Cables Manufacturing
- e)CC01040 Lighting Equipment Manufacturing
- f)CC01060 Wired Communication Mechanical Equipment Manufacturing
- g)CC01080 Electronic Components Manufacturing
- h)CC01110 Computers and Peripheral Equipment Manufacturing
- i)CQ01010 Mold and 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 1,200,000,000 New

Taiwan Dollars, divided into 120,000,000 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 9-1 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.

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 on 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.

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.

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
The 16th amendment on June 21,2022
The 17th amendment on June 13,2023

Jarlllytec 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.

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.

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.

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.

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.

Article 7-1

To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
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:

- (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.
- (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
- (3) 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.
- (4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.

3. 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.

(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.

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 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.

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.

(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, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements 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 virtual meeting platform.

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.

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.

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.

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.

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 19-1

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting 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.

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.

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.

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.

Article 22-1

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.

(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.

In the event a virtual shareholders meeting, the Company shall upload the above 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.

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.

Article 23-1

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.

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.

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.

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.

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.

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. 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.

When postponing or resuming a 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.

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.

Article 23-2

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.

(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 July 7, 2021.

The 8th amendment was made on June 21, 2022.

Appendix 3

JARLLYTEC CO., LTD. Regulations of Directors Election

Article 1

The election of the Company's directors shall be conducted in accordance with the rules and related regulations.

Article 2

The registered cumulative voting method shall be used for election of the directors at the Company, and attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3

The election of the Company's directors, each share will have voting rights in number equal to the directors to be elected, the board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The ballots mentioned in the preceding paragraph may be cast for a single candidate or split among multiple candidates.

Article 4

A candidates nomination system is adopted for election of the directors of the Company. The shareholders shall elect the directors from among the nominees listed, the acceptance method of the nominees for the directors, announcement and related matters shall be conducted in accordance with the Company Act, Securities and Exchange Act and related regulations.

Article 5

Elections of directors at the Company shall be conducted with elections of independent directors and non-independent directors, and separately calculated the elected quota. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 5-1

(Deleted)

Article 6

(Deleted)

Article 7

When the Company appointed the audit committee, shall not elect another supervisor.

Article 8

Before the election begins, the chair shall appoint a number of persons as vote monitoring and counting personnel and related operators to conduct related matters of vote monitoring and counting.

Article 9

The board of directors shall prepare separate ballots for directors in numbers corresponding to the

directors to be elected, the number of voting rights associated with each ballot shall be specified on the ballots by attendance card numbers, and specified his/her shareholder account number when it's necessary, and distributed to each shareholder attending the shareholders' meeting.

Article 10

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

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.

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.

Article 12

The election shall be conducted with independent directors and non-independent directors, the ballots of directors shall be separately counted and elected.

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) Fill in or tick two or more candidates.
- (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 not filled in.
- (7) The total number of voting rights allocated is more than the number of votes held by the elector.
- (8) The number of filled elected exceeds the number of places that should be selected.

Article 14

The ballot boxes shall be prepared by the board of directors, the ballot boxes shall be open and the voting rights shall be calculated on site immediately by the monitoring personnel after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election 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.

Article 15

Unsettled matters in the regulations shall be conducted in accordance with the Company Act, and related regulations.

Article 16

These regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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.

The 7th amendment was made on June 21, 2022.

Appendix 4

JARLLYTEC CO., LTD. Directors' Shareholding Statement

1. As of April 20, 2024, the Company's paid-in capital was NT\$ 660,913,640, and the distributed share were 66,091,364.
2. The minimum legally held shares held by the Company's shareholders: 5,287,309.
3. Directors' shareholding statement is as follows:

April 20, 2024

Title	Name	Inauguration date	Shareholding number as elected	As of April 20, 2024, 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	3,864,000	5.85%
Director	Sunrise Investment Co., Ltd. Representative: Liu, Kuang-Hua (Note 2)	July 7, 2021	6,100,000	6,100,000	9.23%
Director	Young Win Assets Management Co., Ltd. Representative: Liu, Bo-Liang	July 7, 2021	1,550,000	1,550,000	2.35%
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	11,514,000	17.43%

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.

Appendix 5

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 programed to distribute at a regular shareholders' meeting of the Company, so it's not applicable.