

JARLLYTEC CO., LTD.

2024 Annual Shareholders' Meeting Minutes

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

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

Total outstanding shares of Wistron Corporation: 66,091,364 shares. (Excluding shares without voting rights).

Total shares represented by shareholders present in person or by proxy: 43,645,705 shares
percentage of outstanding shares held by shareholders present in person or by proxy: 66.03%

Directors present: Chang, Tai Yuan, Chairman

Liu, Kuang Hua, Director Representative of Sunrise Investment Co., Ltd.

Liu, Bo-Liang, Director Representative of Young Win Assets Management Co., Ltd.

Wu, Sou-Shan, Independent Director

Yang, Shang-Hsien, Independent Director

Lee, Chien-Ming, Independent Director

Accountants present: Hsu, Ming-Fang, Accountant of KPMG

Chairman: Chang, Tai Yuan the Chairman of the Board of Directors

Recorder: Wang, Yi Wen

I. Meeting Commencement Announced: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address: (Omitted)

III. Reported Matters

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

IV. 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 attachment 1 and attachment 3. For your approval.

Resolution:

Voting results: Shares present at the time of voting: 43,645,705

Voting Results		% of the represented share present
Votes in favor	42,617,882 votes (including votes casted electronically 10,827,918 votes)	97.64%
Votes against	9,157 votes (including votes casted electronically 9,157 votes)	0.02%
Votes invalid	0 votes	0.00%
Votes abstained	1,018,666 權 (including votes casted electronically 1,018,666 votes)	2.33%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 please refer to attachment 4. For your approval.

Resolution:

Voting results: Shares present at the time of voting: 43,645,705

Voting Results		% of the represented share present
Votes in favor	42,657,879 votes (including votes casted electronically 10,867,915 votes)	97.73%
Votes against	9,160 votes (including votes casted electronically 9,160 votes)	0.02%
Votes invalid	0 votes	0.00%

Voting Results		% of the represented share present
Votes abstained	978,666 權 (including votes casted electronically 978,666 votes)	2.24%

RESOLVED, that the above proposal be and hereby was approved as proposed.

V. 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 attachment 5, for your approval.

Resolution:

Voting results: Shares present at the time of voting: 43,645,705

Voting Results		% of the represented share present
Votes in favor	42,655,353 votes (including votes casted electronically 10,865,389 votes)	97.73%
Votes against	11,385 votes (including votes casted electronically 11,385 votes)	0.02%
Votes invalid	0 votes	0.00%
Votes abstained	978,967 權 (including votes casted electronically 978,967 votes)	2.24%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 attachment 6.
- 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:

Voting results: Shares present at the time of voting: 43,645,705

Voting Results		% of the represented share present
Votes in favor	42,645,089 votes (including votes casted electronically 10,855,125 votes)	97.70%
Votes against	19,396 votes (including votes casted electronically 19,396 votes)	0.04%
Votes invalid	0 votes	0.00%
Votes abstained	981,220 權 (including votes casted electronically 981,220 votes)	2.24%

RESOLVED, that the above proposal be and hereby was approved as proposed.

VI. Election Matters

ONE

Proposed by board of directors

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 Yuanta Financial Holding Co., Ltd. (and Yuanta Securities Co., Ltd.) Professor and dean of College of Management, Chang Gung University Professor of Chiao Tung University	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 of Technology Supervisor of Private School HSING,HSUEH Foundation	0

Title	Name	Education/work experiences	Curren position	Shareholding numbers
		<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>		
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 Science, New York University Tandon School of Engineering</p> <p>Master's degree of Department of Science, Fu Jen Catholic University</p> <p>Bachelor's degree of Department of Science, Fu</p>	<p>Vice general manager of TPK Holding Co., Ltd.</p> <p>General manager of TPK Auto Tech (Xiamen) Limited</p> <p>Independent director of UNIC TECHNOLOGY CORP.</p>	0

Title	Name	Education/work experiences	Curren position	Shareholding numbers
		<p>Jen Catholic University</p> <p>Asia area manager of Ciba Specialty Chemicals Inc. General manager of the subsidiary, View Sonic Group(Sintech Technology Corp./Opti International Corp., Taiwan)</p> <p>Vice general manger of Marketing and Purchasing Departments, Chan Mao Optoelectronics Co., Ltd.</p> <p>Taiwan's General manager of LG Display Co., Ltd. General manager of Asian Chemical Group Division</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>	Associate Professor, Department of Applied Foreign Languages, National Taipei University of Business	0

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

Result of election:

Title	Name	Elected Votes
Director	Dellson Investment Co., Ltd. Representative: Chang, Tai-Yuan	58,206,530
Director	Young Win Assets Management CO., Ltd.	56,269,838
Director	Sunrise Investment Co., Ltd.	55,306,517
Independent director	Wu, Sou-Shan	27,639,221
Independent director	Yang, Shang-Hsien	26,774,722
Independent director	Lee, Chien-Ming	26,764,866
Independent director	Lee, Hsing-Chin	26,760,808

VII. Other Proposal

ONE

Proposed by board of directors

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:

Voting results: Shares present at the time of voting: 43,645,705

Voting Results		% of the represented share present
Votes in favor	41,383,980 votes (including votes casted electronically 9,594,016 votes)	94.81%
Votes against	34,459 votes (including votes casted electronically 34,459 votes)	0.07%
Votes invalid	0 votes	0.00%
Votes	2,227,266 權	5.10%

Voting Results		% of the represented share present
abstained	(including votes casted electronically 2,227,266 votes)	

RESOLVED, that the above proposal be and hereby was approved as proposed.

VIII. Extemporary Motions: None

IX. Adjournment: 9:34 a.m. June 18, 2024

No question was raised by shareholder.

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

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

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

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

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	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 952,451	13	1,190,405	16	2100	Short-term borrowings (Note 6(i))	\$ 500,000	7	100,000	2
1170	Notes and accounts receivables, net (Note 6(c)(s))	698,021	10	982,658	14	2170	Notes and accounts payables	122,366	2	196,609	3
1180	Accounts receivables – related parties, net (Note 6(c)(s) and 7)	1,051	-	3,285	-	2180	Accounts payables - related parties(Note 7)	414,512	6	665,806	9
1200	Other receivables, net (Note 6(d))	21,584	-	17,888	-	2200	Other payables (Note 6(j))	680,184	9	688,835	9
1210	Other receivables 0 related parties (Note 6(d) and 7)	102,715	1	53,575	1	2220	Other payables - related parties (Note 7)	9,972	-	1,559	-
130X	Inventories (Note 6(e))	207,057	3	305,169	4	2230	Current income tax liabilities	2,920	-	6,474	-
1410	Prepayments and other current assets	30,178	-	25,936	-	2280	Current lease liabilities (Note 6(m))	262	-	259	-
	Total current assets	<u>2,013,057</u>	<u>27</u>	<u>2,578,916</u>	<u>35</u>	2322	Long-term borrowings, current portion (Note 6(k) and 8)	186,111	2	217,361	3
Non-current assets:						2399	Other current liabilities	13,814	-	8,462	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	-	-	200	-		Total current liabilities	<u>1,930,141</u>	<u>26</u>	<u>1,885,365</u>	<u>26</u>
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	62,861	1	57,289	1		Non-Current liabilities:				
1550	Investments accounted for using equity method (Note 6(f))	3,898,623	52	3,131,597	43	2531	bonds payables (Note 6(l))	-	-	386,421	5
1600	Property, plant and equipment (Note 6(g))	1,431,355	19	1,499,573	21	2540	Long-term borrowings (Note 6(k) and 8)	68,810	1	254,921	4
1755	Right-of-use assets (Note 6(h))	216	-	475	-	2570	Deferred income tax liabilities (Note 6(p))	181,442	3	181,549	2
1780	Intangible assets	7,758	-	9,913	-	2580	Non-current lease liabilities (Note 6(q))	-	-	262	-
1840	Deferred income tax assets (Note 6(p))	44,729	1	29,790	-	2640	Net defined benefit liability, non-current (Note 6(s))	37,267	-	31,272	-
1915	Prepayments for equipment	16,664	-	8,123	-	2670	Other non-current liabilities, others	340	-	340	-
1990	Other non-current assets, others	5,632	-	2,805	-		Total non-current liabilities	<u>287,859</u>	<u>4</u>	<u>854,765</u>	<u>11</u>
	Total non-current assets	<u>5,467,838</u>	<u>73</u>	<u>4,739,765</u>	<u>65</u>		Total liabilities	<u>2,218,000</u>	<u>30</u>	<u>2,740,130</u>	<u>37</u>
						Equity (Note 6(q)):					
						Share capital:					
						3110	Ordinary share	648,153	9	601,214	8
						3140	Advance receipts for share capital	12,761	-	-	-
							Total share capital	<u>660,914</u>	<u>9</u>	<u>601,214</u>	<u>8</u>
						3200	Capital surplus	<u>1,715,423</u>	<u>23</u>	<u>1,385,445</u>	<u>20</u>
						Retained earnings:					
						3310	Legal reserve	453,672	6	404,763	6
						3320	Special reserve	47,179	1	76,485	1
						3350	Unappropriated retained earnings	<u>2,487,018</u>	<u>33</u>	<u>2,157,823</u>	<u>29</u>
							Total retained earnings	<u>2,987,869</u>	<u>40</u>	<u>2,639,071</u>	<u>36</u>
						Other equity:					
						3410	Exchange differences on translation of foreign financial statements	(128,105)	(2)	(58,328)	(1)
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>26,794</u>	<u>-</u>	<u>11,149</u>	<u>-</u>
							Total other equity	<u>(101,311)</u>	<u>(2)</u>	<u>(47,179)</u>	<u>(1)</u>
							Total equity	<u>5,262,895</u>	<u>70</u>	<u>4,578,551</u>	<u>63</u>
Total assets		<u>\$ 7,480,895</u>	<u>100</u>	<u>7,318,681</u>	<u>100</u>	Total liabilities and equity		<u>\$ 7,480,895</u>	<u>100</u>	<u>7,318,681</u>	<u>100</u>

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

Statements of Comprehensive Income

For the years ended December 31, 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	-	-	-	-	-	473,968	-	-	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 4

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: Special reserve appropriated	(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

Attachment 5 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 6 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.