

Stock Code: 4584



JUFAN INDUSTRIAL CO., LTD.

2024 Annual Shareholders' Meeting

Meeting Handbook

Meeting date: May 30, 2024

Meeting location: No. 118, Yongke Huan Rd, Yongkang
District, Tainan City (the Company's conference room)

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JUFAN INDUSTRIAL CO., LTD.

Meeting Procedure for the 2024 Annual Shareholders' Meeting

I. Meeting Called to Order

II. Address by the Chair

III. Report Items

IV. Ratifications

V. Discussions

VI. Extraordinary Motions

VII. Adjournment

JUFAN INDUSTRIAL CO., LTD.
2024 Annual Shareholders' Meeting Agenda

Date: May 30, 2024 (Thursday) at 9:00 AM

Location: No. 118, Yongke Huan Rd, Yongkang District, Tainan City (the Company's conference room)

Convening method: Physical shareholders' meeting

I. Meeting Called to Order

II. Address by the Chair

III. Report Items:

- (I) the Company's 2023 Business Report
- (II) Audit Committee's 2023 Financial Statements Review Report.
- (III) 2023 Employee and Director Remunerations Distribution Status Report.
- (IV) the Company's "Rules of Procedure for Board of Directors Meetings" Amendment Report.

IV. Ratifications:

- (I) Proposal for the Company's 2023 business report and financial statements.
- (II) Proposal for the Company's 2023 earnings distribution.

V. Discussions:

- (I) Proposal for the Company's 2023 surplus capital conversion and new share issuance.

VI. Extraordinary Motions

VII. Adjournment

[Report Items]

Motion 1

Cause: the Company's 2023 Business Report, submitted for review.

Description: Please refer to Page 7 of this Handbook [Attachment 1] for the Company's 2023 Business Report.

Motion 2

Cause: Audit Committee's 2023 Financial Statements review report, submitted for review.

Description: Please refer to Page 10 of this Handbook [Attachment 2] for the Company's 2023 Audit Committee Review Report.

Motion 3

Cause: The Company's 2023 Employee and Director Remunerations Distribution Status Report, submitted for review.

Description: The Company proposed to distribute employee cash remuneration for 2023 in the amount of NT\$1,700,000 according to the Articles of Incorporation, and no director remuneration shall be distributed. The amount of employee and director remuneration is consistent with the amount of expenses recognized in 2023.

Motion 4

Cause: The Company's "Rules of Procedure for Board of Directors Meetings" Amendment Report, submitted for review.

Description: The Company proposed to amend certain provisions of its "Rules of Procedure for Board of Directors Meetings" according to letter Jin-Guan-Zi No. 1120383996 dated January 11, 2024. Please refer to Page 11 of this Handbook [Attachment 3] for the before and after amendment comparison table.

[Ratifications]

Motion 1. Proposed by the board of directors
Cause: Proposal for the Company's 2023 business report and financial statements, submitted for ratification.

Description: I. Audit for the Company's 2023 Financial Statements was completed by CPAs Tzu-Yu Lin and Fang-Ting Ye of PwC Taiwan. The financial statements and accompanying business reports have been submitted to the Audit Committee for review and approval.

II. Please refer to Page 7 for this Handbook [Attachment 1] for the Business Report and Page 13 of this Handbook [Attachment 4] for the Independent Auditors' Report and financial statements.

III. Please ratify.

Resolution:

Motion 2. Proposed by the board of directors
Cause: Proposal for the Company's 2023 earnings distribution, submitted for ratification.

Description: I. the Company's undistributed earnings at the start of the period were NT\$222,287,338 (as shown below), and the net profit after tax in 2023 was NT\$91,037,451, deducting other comprehensive income of NT\$149,173, and a 10% statutory legal reserve of NT\$9,088,828 was set aside according to the law, and the special legal reserve is NT\$9,669,439. The profit available for distribution this year is NT\$294,417,349. NT\$55,560,000 in shareholder dividends shall be distributed according to the provisions of these Articles of Incorporation, with a cash dividend of NT\$1.2 per share and a stock dividend of NT\$0.8.

II. Please refer to Page 39 of this Handbook [Attachment 5] for the Company's 2023 earnings distribution statement.

III. The cash dividend was calculated based on the proportion of shares held by each shareholder as of the ex-dividend base date. The cash dividend shall be paid in whole New Taiwan dollars

(NT\$). Any fractional amounts less than NT\$1 were aggregated, and the chairman shall be authorized to designate a person to handle the matter.

IV. Upon resolution of this proposal by the regular shareholders' meeting, the chairman shall be authorized to determine the ex-dividend base date, the cash dividend payment date, and other related matters.

V. If the stock and cash dividend ratios to shareholders changed due to changes in the Company's share capital prior to the stock and cash dividend distribution base date during the surplus distribution, a proposal shall be submitted to the regular shareholders' meeting to authorize the chairman to handle the matter.

VI. Please ratify.

Resolution:

[Discussions]

Motion 1. Proposed by the board of directors
Cause: Proposal for the Company's 2023 surplus capital conversion and new share issuance submitted for resolution.

Description I. In light of the Company's future business development needs, we propose to transfer NT\$22,224,000 from our retained earnings for 2023 to issue new shares as dividends to shareholders. A total of 2,222,400 new shares shall be issued, with a par value of NT\$10 per share.

II. Based on the 27,780,000 shares of common stock outstanding as of April 1, 2024, a stock dividend of 80 shares shall be distributed for every 1,000 shares held. Fractional shares of less than one share shall be rounded down to the nearest whole share. Shareholders may apply to consolidate fractional shares into whole shares with the Company's stock transfer agent from five days before the ex-dividend date to the day before the record date.

Fractional shares that are not consolidated or that remain less than one share after consolidation shall be redeemed in cash at the par value of the shares, rounded to the nearest yuan (yuan and below are discarded). The chairman is authorized to negotiate with specific persons to purchase these shares at par value. To the shareholders who have participated in the book-entry shares, the fractional payment for each share of less than one share will be used as expenses for the book-entry.

III. The rights and obligations of the newly issued shares shall be the same as those of the existing shares.

IV. Upon approval by the regular shareholders' meeting, a board meeting shall be convened to resolve the capital increase base date and other related matters.

V. If the stock dividend ratio changes due to a change in the company's share capital before the ex-dividend date, or if necessary due to factual circumstances or as approved by the competent authority, the regular shareholders' meeting shall be requested to authorize the chairman to handle all matters related to the change.

VI. Submitted for resolution.

Resolution:

[Extraordinary Motions]

[Meeting Adjourned]

[Attachment 1]

JUFAN INDUSTRIAL CO., LTD.

Business Report

2023

I. Business plan implementation results:

The Company's consolidated net operating income in 2023 was NT\$1,011,962 thousand, a decrease of NT\$33,275 thousand (or 3%) from NT\$1,045,237 thousand in 2022. The net profit for the current period was NT\$91,038 thousand, a decrease of NT\$1,093 thousand (or 1%) from NT\$92,131 thousand in 2022.

II. Budget performance: The Company did not disclose financial forecasts for 2023, so there is no budget performance analysis.

III. Financial income, expenditure, and profitability analysis:

Unit: NT\$ Thousand

Items		2023	2022	Rate of Change
Financial income and expenditure	Operating income	1,011,962	1,045,237	(3.18%)
	Operating cost	685,946	675,873	1.49%
	Gross profit	326,016	369,364	(11.74%)
	Operating expense	199,761	260,023	(23.18%)
	Operating profit	126,255	109,341	15.47%
	Non-operating income and expenditure	(754)	17,183	(104.39%)
	Pre-tax profit	125,501	126,524	(0.81%)
	Post-tax profit	91,038	92,131	(1.19%)

Unit: %

Items		2023	2022
Profitability	Return on assets (%)	5.31	5.52
	Return on equity (%)	9.99	11.39
	Percentage of net profit before tax to the paid-in capital (%)	45.18	45.54
	Net profit rate (%)	9.00	8.81
	Earnings per share (NT\$)	3.28	3.61

IV. R&D status:

1. The short-term plan involves the R&D of diverse products such as hydraulic, pneumatic, and electric, the optimization and enhancement of existing products, and the utilization of various parts to produce new products for customers to select from. The medium- to long-term plans include developing new application domain products and automated product solutions that combine products and systems, such as system-integrated hydraulic cylinders, high-pressure hydraulic cylinders, electric cylinders, and robotic arm integration solutions, etc., as R&D targets. Additionally, there is a plan to utilize the Company's automated system integration capabilities effectively for in-house automated production and supply, thereby improving the overall production scheme of the production line.
2. 2023 R&D results:
 - (1) System integration hydraulic cylinder new product development planning.
 - (2) Aerospace and medical sus compression hydraulic cylinder prototype verification.
 - (3) Medical grade C/D hydraulic cylinder prototype verification.
 - (4) Mass production and sales of medical grade G35 hydraulic cylinders.
 - (5) Mass production and sales of hydraulic cylinders for the transportation industry.
 - (6) Rolling process automation for hydraulic cylinders in the shipbuilding industry.
 - (7) Sales planning for W4V solenoid valves.
 - (8) Order-to-production of hydraulic cylinders for wind power generation.
 - (9) Development and prototype verification of pistons and piston fixers for the transportation industry.
 - (10) CAD/CAM integration and control testing.

V. Business policy and implementation overview:

Despite the challenges of inflation, interest rate hikes, and the Russia-Ukraine war in the global economy in 2023, our Company's growth momentum remains strong due to the digital transformation and the green economy trends. Taiwan's economic growth rate was 1.4% in 2023 due to the weak global end-user demand and inventory destocking in the supply chain. However, as end-user demand recovers and manufacturing inventory destocking is completed, business confidence is expected to rebound and drive economic performance this year. The Company has consistently implemented its business strategy and is optimistic about future growth.

1. Cultivate the Precision Healthcare, Green Energy, and Renewable Energy Industries

The Company has received Siemens Gamesa's qualified supplier qualification and will collaborate with Siemens Gamesa to enter the offshore wind turbine component supply chain system for the 2nd period of the 3rd phase of offshore wind power operators to assist the government in gradually achieving the long-term goal of net zero carbon emissions by 2050.

The Company's revenue from medical applications has surpassed 5%, with the Taiwan factory consistently supplying the main medical customers in Japan and adding several new medical application orders each year. Furthermore, the Wuxi factory's sales to major medical equipment manufacturers in China are steadily increasing, with orders expected to rise further this year.

2. Promote Digital Transformation

Since its inception, the Company has established itself as Taiwan's leading hydraulic and pneumatic technology manufacturer. Its product technology has been applied beyond metalworking machines to the medical, wind power, and aerospace industries. The Company has built a fully integrated AI intelligent monitoring system in response to the global trend of smart manufacturing Industry 4.0. To achieve long-term corporate development, the entire factory has obtained certifications in environmental management system (ISO 14001) and occupational health and safety management systems (ISO 45001). This improves workplace safety and the overall quality of product manufacturing.

3. Strengthen Research and Development Innovation

Continue to invest in R&D innovation to develop new products and new technologies. Strengthen the training of R&D personnel, expand R&D investment, and actively participate in industry-university-research cooperation.

Chairman: Chin-Tsai Hu Manager: Cheng-Chieh Hu Accounting Supervisor: Yi-Chen Yang

[Attachment 2]

JUFAN INDUSTRIAL CO., LTD.

Audit Committee Review Report

The board of directors hereby submits the 2023 Business Report, Financial Statements, and Surplus Distribution. The Financial Statements have been audited by CPAs Tzu-Yu Lin and Fang-Ting Ye of PwC Taiwan, and their audit report has been issued. The aforementioned Business Report, Financial Statements, and Surplus Distribution have been reviewed by the Audit Committee and found to comply with the relevant laws and regulations. Therefore, this report is hereby submitted for your review and approval according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

JUFAN INDUSTRIAL CO., LTD.'s 2024 Regular Shareholders' Meeting

JUFAN INDUSTRIAL CO., LTD.

Audit Committee convener: Chu-Shan Chiu

March 12, 2024

JUFAN INDUSTRIAL CO., LTD.
[Rules of Procedure for Board of Directors Meetings]
Before and After Amendment Comparison Table

Article After Amendment	Current Article	Description
<p>Article 9 When the scheduled meeting time has passed, but the number of attendants is less than one-half of all directors, the chair may announce the meeting postponement <u>at that day</u>. At most, 2 postponements may be made. If the number of participants remains insufficient after two postponements, the chair shall re-convene the meeting according to Article 3, Paragraph 2 of the Rules. All directors referred to in the preceding Paragraph and Paragraph 2 of Article 16 shall be counted as the actual number of persons currently in office.</p>	<p>Article 9 Article 9. When the scheduled meeting time has passed, but the number of attendants is less than one-half of all directors, the chair may announce the postponement of the meeting. At most, 2 postponements may be made. If the number of participants remains insufficient after two postponements, the chair shall re-convene the meeting according to Article 3, Paragraph 2 of the Rules. All directors referred to in the preceding Paragraph and Paragraph 2 of Article 16 shall be counted as the actual number of persons currently in office.</p>	<p>I. Paragraph 1 of Article 12 was amended according to Article 12 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” II. To avoid disputes arising from meeting extension uncertainties, it is hereby specified that the chair's meeting postponement announcement shall be limited to the same day.</p>
<p>Article 10 The board meeting shall proceed according to the agenda set out in the notice of the meeting. However, the agenda may be changed with the consent of over half of the directors present. The chair shall not adjourn the meeting without over half of the directors' consent. If at any time during the proceeding of a board of directors' meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the Chairperson shall declare a suspension of meeting, in which case Paragraph 1 of the preceding article shall apply mutatis mutandis. <u>Paragraph 3 of Article 7 shall apply to appoint proxies of the chair who cannot preside over the meeting or adjourn without complying with the</u></p>	<p>Article 10 The board meeting shall proceed according to the agenda set out in the notice of the meeting. However, the agenda may be changed with the consent of over half of the directors present. The chair shall not adjourn the meeting without over half of the directors' consent. If at any time during the proceeding of a board of directors' meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the Chairperson shall declare a suspension of meeting, in which case Paragraph 1 of the preceding article shall apply mutatis mutandis.</p>	<p>I. Paragraph 4 of this Article was added according to Article 13 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” II. This provision outlines how to appoint a proxy to ensure the smooth operation of the board of directors meeting if the chair cannot preside over a meeting due to unforeseen circumstances or adjourns the meeting without following proper procedures.</p>

Article After Amendment	Current Article	Description
<u>provisions of paragraph 2 when board meetings are in progress.</u>		

[Attachment 4]

Independent Auditors' Report
(2024) Financial Report No. 23004483

To JUFAN INDUSTRIAL CO., LTD.:

Audit Opinions

The audit of the Consolidated Balance Sheets for 2023 and as of December 31, 2022, as well as the Consolidated Income Statements, Consolidated Equity Change Tables, Consolidated Cash Flow Statements, and Consolidated Financial Statements for 2023 and from January 1, 2022, to December 31, 2022 (including the summary of major accounting policies) for JUFAN INDUSTRIAL CO., LTD. and its subsidiaries (hereinafter "JUFAN Group") has been completed by this CPA.

It is this CPA's opinion that the aforementioned consolidated financial statements have been prepared in all material respects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations, and Interpretations Announcements ratified and promulgated by the Financial Supervisory Commission. They fairly present the consolidated financial position of JUFAN GROUP for 2023 and as of December 31, 2022, and the consolidated financial performance and cash flows for 2023 and from January 1, 2022, to December 31, 2022.

Basis of Audit Opinion

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements. This CPA is an independent auditor of his accounting firm, which is subject to the code of professional ethics of R.O.C. for CPAs who have maintained detached and independent from JUFAN Group and fulfilled other responsibilities provided by the code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit items refer to the most important audit matters for the 2023 Consolidated Financial Statements of JUFAN Group under the professional judgment of this accountant. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of JUFAN Group's 2023 Consolidated Financial Statement are described as follows:

End of Revenue

Description

For accounting policies on revenue recognition, please refer to the revenue recognition description in Note IV (XXV) of the Consolidated Financial Statements. Please refer to the operating income description in Note VI (XVII) of the Consolidated Financial Statements for operating income items.

JUFAN Group's revenue primarily stems from the design, manufacturing, and sales of pneumatic components, hydraulic components, and integrated electro-pneumatic-hydraulic systems. Revenue recognition is primarily based on the contractual terms of the transaction and is recognized at the time of transfer of control of the goods. It is necessary to verify that the products have been delivered to the customer and that the customer has the authority to accept them. Additionally, we need to ensure that there are no outstanding obligations on the company's part that could affect the customer's acceptance of the products. Since the time required for each shipment varies and involves human work and judgment, there is a significant risk of misstatement in the timing of revenue recognition near the balance sheet date. Moreover, the transaction amounts are usually large, which requires close attention from the auditors. Therefore, this matter is considered vital for this audit.

Responsive Audit Procedures

This CPA's key audit procedures for the specific levels described in the preceding key audit items are listed below:

1. Understand and assess the revenue recognition accounting policy.
2. Understand and assess the internal controls over revenue recognition and test the effectiveness of those controls, including controls over shipments and the timing of revenue recognition.
3. Perform cutoff tests for revenue transactions for specific periods before and after the balance sheet date to ensure that the recognized revenue has been transferred to the customer and the revenue recognition has been recorded in the correct period.

Other Matters—Parent Company Only Financial Report

JUFAN INDUSTRIAL CO., LTD. has formulated its 2023 and 2022 Parent Company Only Financial Statements along with an auditor's report expressing an unqualified opinion of this CPA, which are available for reference.

Management Responsibilities and those Charged with Governance for the Consolidated Financial Statements

The responsibilities of the management level are to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and International Accounting Standards as recognized and declared effective by the Financial Supervisory Commission during the preparation of the Consolidated Financial Statements; maintain the necessary internal control mechanism related to the formulation of the Consolidated Financial Statements; and ensure that the Consolidated Financial Statements do not contain significant false statements that can lead to fraud or error.

The responsibilities of the management level during the formulation of consolidated financial statements include evaluating JUFAN GROUP's ability to continue its operations, disclosure of the relevant matters, and adopting the accounting basis for continual operation unless the management level intends to liquidate JUFAN GROUP, stop its operations, or there is no other option except to liquidate JUFAN GROUP or stop its operations.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of JUFAN GROUP.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance refers to a high degree of assurance. The audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misstatements can arise from fraud or error. The false representation is considered significant if its individual or total amounts can reasonably be expected to affect the economic decisions made by the users of the Consolidated Financial Statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. The CPA also performed the following tasks:

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. Since fraud may involve conspiracy, forgery, intentional omission, misrepresentation, or a breach of internal control, the risk of not detecting material misstatement due to fraud is higher than that due to error.
2. Obtain an understanding of internal control relevant to the audit to design audit

procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the JUFAN Group's internal control.

3. Evaluate the appropriateness of accounting policies 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 this accountant believes that such circumstances or conditions contain significant uncertainties, the accountant shall remind the users of the Consolidated Financial Statements to be cautious of the relevant disclosures of the Consolidated Financial Statements in the audit report or revise the audit opinion if such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to our auditor's report date. However, future events or conditions may cause JUFAN GROUP to cease to continue as a going concern.
5. Evaluate the overall representation, structure, and content of the Consolidated Financial Statements (including the relevant notes) and determine whether the Consolidated Financial Statements have sufficiently expressed the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within the Group and issue an opinion regarding the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the Group's audit, as well as forming an audit opinion on the Group's financial statements.

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).

This CPA has provided the statement of independence to the governance unit regarding how the CPAs of this accounting firm who are subject to independence detachment have complied with the CPA's professional code of ethics of R.O.C. and communicated with the governing unit regarding issues that may be considered as having the ability to influence the independence of CPAs and other matters (including the relevant protective measures).

The CPA has determined the key audit items for the 2023 consolidated financial statements of JUFAN GROUP based on the items communicated with the governance unit. 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 may 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.

PwC Taiwan

Tzu-Yu Lin

CPA

Fang-Ting Ye

Former Member of the Securities and Futures Bureau
Committee

Approved Certification No.: (1993) Tai-Cai-Zheng (6) No.
44927

Financial Supervisory Commission

Approved Certification No.: Jin-Guan-Zheng-Shen-Zi No.
1110349013

March 12, 2024

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Balance Sheet
2023 and December 31, 2022

Unit: NT\$ Thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 473,989	26	\$ 435,023	23
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)	2,746	-	2,759	-
1136	Financial assets at amortized cost - current	VI (I) (III) & VIII	8,007	1	23,898	1
1150	Net notes receivable	VI (IV) & VIII	173,088	9	182,931	10
1170	Net accounts receivable	VI (IV) & XII	238,512	13	214,311	12
1200	Other receivables		661	-	628	-
1220	Current tax assets	VI (XXIV)	3,694	-	-	-
130X	Inventories	VI (V)	227,292	12	220,208	12
1410	Prepayment items		9,848	1	13,925	1
11XX	Total current asset		<u>1,137,837</u>	<u>62</u>	<u>1,093,683</u>	<u>59</u>
Noncurrent assets						
1535	Financial assets at amortized cost - noncurrent	VI (I) (III) & VIII	50	-	523	-
1600	Property, plant, and equipment	VI (VI) & VIII	666,642	36	687,619	38
1755	Right-of-use asset	VI (VII) & VIII	12,188	1	13,683	1
1780	Intangible assets	VI (VIII)	3,336	-	3,269	-
1840	Deferred tax assets	VI (XXIV)	11,918	1	15,373	1
1915	Prepayments for business facilities	VI (VI)	5,116	-	18,566	1
1920	Refundable deposits		5,779	-	6,424	-
1990	Other noncurrent assets - others		2,186	-	1,971	-
15XX	Total noncurrent assets		<u>707,215</u>	<u>38</u>	<u>747,428</u>	<u>41</u>
1XXX	Total assets		<u>\$ 1,845,052</u>	<u>100</u>	<u>\$ 1,841,111</u>	<u>100</u>

(Continued)

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Balance Sheet
2023 and December 31, 2022

Unit: NT\$ Thousand

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI (IX) & VIII	\$ 185,860	10	\$ 166,195	9
2130	Contractual liabilities - current	VI (XVII)	15,071	1	8,940	1
2150	Notes payable		54,243	3	95,946	5
2170	Accounts payable	VII	198,092	11	163,770	9
2200	Other payable	VI (X)	91,932	5	115,141	6
2230	Current income tax liabilities	VI (XXIV)	2,031	-	22,494	1
2280	Lease liabilities - current	VI (VII)	3,718	-	4,741	-
2310	Advance payment		709	-	538	-
2320	Long-term liabilities due within one year or one business cycle	VI (XI) & VIII	35,124	2	21,393	1
2399	Other current liabilities - others		2,780	-	883	-
21XX	Total current liabilities		<u>589,560</u>	<u>32</u>	<u>600,041</u>	<u>32</u>
Noncurrent liabilities						
2540	Long-term loans	VI (XI) & VIII	242,819	13	255,763	14
2570	Deferred tax liabilities	VI (XXIV)	80,929	5	76,013	4
2580	Lease liabilities – noncurrent	VI (VII)	1,925	-	1,924	-
2640	Net defined benefit liabilities - noncurrent	VI (XII)	5,409	-	6,886	1
2645	Guarantee Deposits		72	-	1,806	-
25XX	Total noncurrent liabilities		<u>331,154</u>	<u>18</u>	<u>342,392</u>	<u>19</u>
2XXX	Total liabilities		<u>920,714</u>	<u>50</u>	<u>942,433</u>	<u>51</u>
Equity						
Share capital						
VI (XIII)						
3110	Common share capital		277,800	15	277,800	15
3200	Capital surplus	VI (XIII)(XIV)(XV)	280,684	15	280,684	15
Retained earnings						
VI (XVI)						
3310	Statutory legal reserve		62,347	3	52,753	3
3320	Special legal reserve		31,809	2	38,053	2
3350	Undistributed profits		313,176	17	281,197	16
Other equity interest						
3400	Other equity interest		(41,478)	(2)	(31,809)	(2)
3XXX	Total equity		<u>924,338</u>	<u>50</u>	<u>898,678</u>	<u>49</u>
Significant Contingent Liabilities and Unrecognized Commitments						
3X2X	Total liabilities and equities		<u>\$ 1,845,052</u>	<u>100</u>	<u>\$ 1,841,111</u>	<u>100</u>

The attached notes to the Consolidated Financial Statement are part of this Consolidated Financial Statement. Please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Comprehensive Income Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand
(Except earnings per share in NTD)

	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating income	VI (XVII) & VII	\$ 1,011,962	100	\$ 1,045,237	100
5000	Operating cost	VI (V) (VIII) (XII) (XXII) (XXIII) & VII	(685,946)	(68)	(675,873)	(65)
5900	Gross profit		<u>326,016</u>	<u>32</u>	<u>369,364</u>	<u>35</u>
	Operating expense	VI (VIII) (XII) (XXII) (XXIII) & XII				
6100	Selling expenses		(67,573)	(7)	(58,716)	(6)
6200	Administrative expenses		(142,008)	(14)	(138,978)	(13)
6300	R&D expenses		(16,996)	(2)	(26,254)	(3)
6450	Expected credit impairment benefit (loss)		<u>26,816</u>	<u>3</u>	(36,075)	(3)
6000	Total operating expenses		(199,761)	(20)	(260,023)	(25)
6900	Operating profit		<u>126,255</u>	<u>12</u>	<u>109,341</u>	<u>10</u>
	Non-operating income and expenditure					
7100	Interest income	VI (III) (XVIII)	6,268	1	4,666	1
7010	Other income	VI (XIX)	3,580	-	11,496	1
7020	Other gains and losses	VI (II) (VII) (XX) & XII	(2,157)	-	10,541	1
7050	Financial costs	VI (VI) (VII) (XXI) & VII	(8,445)	(1)	(9,520)	(1)
7000	Total non-operating incomes and expenses		(754)	-	17,183	2
7900	Net profit before income tax		<u>125,501</u>	<u>12</u>	<u>126,524</u>	<u>12</u>
7950	Income tax	VI (XXIV)	(34,463)	(3)	(34,393)	(3)
8200	Current net profit		<u>\$ 91,038</u>	<u>9</u>	<u>\$ 92,131</u>	<u>9</u>
	Other comprehensive income (loss), net of income tax					
	Items not subsequently reclassified to income					
8311	Remeasurement of defined benefit programs	VI (XII)	(\$ 186)	-	\$ 4,754	-
8349	Income taxes related to the items not reclassified	VI (XXIV)	37	-	(951)	-
	Items that may be reclassified subsequently to income					
8361	Exchange differences in translation of the financial statements of foreign operations		(12,086)	(1)	7,805	1
8399	Income tax related to items that may be reclassified	VI (XXIV)	<u>2,417</u>	-	(1,561)	-
8300	Other comprehensive income (loss), net of income tax		<u>(\$ 9,818)</u>	<u>(1)</u>	<u>\$ 10,047</u>	<u>1</u>
8500	Total comprehensive income of		<u>\$ 81,220</u>	<u>8</u>	<u>\$ 102,178</u>	<u>10</u>

The attached notes to the Consolidated Financial Statement are part of this Consolidated Financial Statement. Please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Comprehensive Income Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand
(Except earnings per share in NTD)

the current period					
	Current period net income attributable to:				
8610	Owners of the parent company	\$ 91,038	9	\$ 92,131	9
	The current period's total comprehensive income is attributable to:				
8710	Owners of the parent company	\$ 81,220	8	\$ 102,178	10
	Earnings per share				
	VI (XXV)				
9750	Basic		3.28		3.61
9850	Dilute		3.27		3.61

The attached notes to the Consolidated Financial Statement are part of this Consolidated Financial Statement. Please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Statement of Changes in Equity
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Equity attributable to the parent company							Other equity interest Exchange differences in translation of the financial statements of foreign operations	Total
	Notes	Capital surplus			Retained earnings				
		Common share capital	Issuance premium	Others	Statutory legal reserve	Special legal reserve	Undistributed profits		
<u>2022</u>									
Balance as of January 1, 2022		\$ 247,800	\$ 171,000	\$ -	\$ 40,657	\$ 36,214	\$ 261,148	(\$ 38,053)	\$ 718,766
Net profit for 2022		-	-	-	-	-	92,131	-	92,131
Other comprehensive income for 2022		-	-	-	-	-	3,803	6,244	10,047
2022 Total Comprehensive Income		-	-	-	-	-	95,934	6,244	102,178
2021 Earnings Assignment and Distribution:									
Statutory legal reserve		-	-	-	12,096	-	(12,096)	-	-
Special legal reserve	VI (XVI)	-	-	-	-	1,839	(1,839)	-	-
Cash dividends	VI (XVI)	-	-	-	-	-	(61,950)	-	(61,950)
Cash capital increase	VI (XIII) (XV)	30,000	109,287	(818)	-	-	-	-	138,469
Cash capital increase employee remuneration costs	VI (XV) (XXIII)	-	-	1,215	-	-	-	-	1,215
Balance as of December 31, 2022		<u>\$ 277,800</u>	<u>\$ 280,287</u>	<u>\$ 397</u>	<u>\$ 52,753</u>	<u>\$ 38,053</u>	<u>\$ 281,197</u>	<u>(\$ 31,809)</u>	<u>\$ 898,678</u>
<u>2023</u>									
Balance as of January 1, 2023		<u>\$ 277,800</u>	<u>\$ 280,287</u>	<u>\$ 397</u>	<u>\$ 52,753</u>	<u>\$ 38,053</u>	<u>\$ 281,197</u>	<u>(\$ 31,809)</u>	<u>\$ 898,678</u>
Net profit for 2023		-	-	-	-	-	91,038	-	91,038
Other comprehensive income for 2023		-	-	-	-	-	(149)	(9,669)	(9,818)
2023 Total Comprehensive Income		-	-	-	-	-	90,889	(9,669)	81,220
2022 Earnings Assignment and Distribution:									
Statutory legal reserve		-	-	-	9,594	-	(9,594)	-	-
Special legal reserve reversed	VI (XVI)	-	-	-	-	(6,244)	6,244	-	-
Cash dividends	VI (XVI)	-	-	-	-	-	(55,560)	-	(55,560)
Balance as of December 31, 2023		<u>\$ 277,800</u>	<u>\$ 280,287</u>	<u>\$ 397</u>	<u>\$ 62,347</u>	<u>\$ 31,809</u>	<u>\$ 313,176</u>	<u>(\$ 41,478)</u>	<u>\$ 924,338</u>

The attached notes to the Consolidated Financial Statement are part of this Consolidated Financial Statement. Please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Cash Flow Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 125,501	\$ 126,524
Adjustments			
Adjustments to reconcile income			
Net loss of financial assets (interests)	VI (II) (XX)		
measured by financial asset at fair value		13	(68)
Expected credit impairment (benefit) loss	XII	(26,816)	36,075
Inventory valuation losses	VI (V)	3,971	5,210
Depreciation expense	VI (VI) (VII)		
	(XXII)	53,822	49,726
Net (loss) profit from the disposition of	VI (XX)		
property, plant, and equipment		885	(8,009)
Leases modification benefits	VI (VII) (XX)	-	(35)
Amortization items	VI (VIII) (XXII)	612	382
Prepaid equipment fund transfer fee		-	54
Cash capital increase employee remuneration	VI (XV)		
costs	(XXIII)	-	1,215
Interest income	VI (XVIII)	(6,268)	(4,666)
Interest expense	VI (XXI)	8,445	9,520
Changes in assets/debts having to do with			
business activities			
Changes in operating assets, net changes			
Notes receivable		9,843	37,371
Trade receivable		2,965	(2,723)
Other receivables		(33)	613
Inventories		(10,677)	15,566
Prepayment items		4,077	(4,578)
Net changes in operating liabilities			
Contractual liabilities - current		6,131	(13,644)
Notes payable		(41,703)	(18,162)
Accounts payable		34,322	26,512
Other payable		(8,693)	433
Advance payment		171	(32,692)
Net defined benefit liabilities - noncurrent		(1,663)	(6,893)
Cash inflow generated from operations		154,905	217,731
Interest received		6,268	4,666
Interest paid		(8,456)	(9,507)
Income tax paid		(47,502)	(15,415)
Net cash inflow from operating			
activities		<u>105,215</u>	<u>197,475</u>

(Continued)

JUFAN INDUSTRIAL CO., LTD. and Subsidiaries
Consolidated Cash Flow Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Notes	2023	2022
<u>Cash flows from investing activities</u>			
Decrease in financial assets measured at amortized cost		\$ 16,364	\$ 52
Cash payment for acquisition of property, plant and equipment	VI (XXVI)	(24,741)	(59,247)
Proceeds from disposal of property, plant and equipment		252	81,011
Acquisition of intangible assets	VI (VIII)	(748)	(1,847)
Increase in prepayments for equipment		(6,506)	(88,549)
Interest in prepaid equipment payments	VI (VI) (XXI)	-	(526)
Refundable deposits reduction (increase)		645	(1,428)
Other noncurrent assets - others increase		(215)	(585)
Net cash outflow from investment activities		(14,949)	(71,119)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	VI (XXVII)	19,665	(148,493)
Repaid principal of lease	VI (XXVII)	(5,635)	(8,106)
Proceeds from long-term borrowings	VI (XXVII)	22,180	102,980
Repayments of long-term borrowings	VI (XXVII)	(21,393)	(44,202)
Increase in margin deposits (including the account "Other current liabilities - Others")	VI (XXVII)	163	2,617
Cash dividends paid	VI (XVI)	(55,560)	(61,950)
Cash capital increase	VI (XIII)	-	138,469
Net cash outflow from financing activities		(40,580)	(18,685)
Effect of exchange rate changes on cash and cash equivalents		(10,720)	6,158
Increase in cash and cash equivalents for the period		38,966	113,829
Cash and cash equivalents at the beginning of the year	VI (I)	435,023	321,194
Cash and cash equivalents at the end of the year	VI (I)	\$ 473,989	\$ 435,023

The attached notes to the Consolidated Financial Statement are part of this Consolidated Financial Statement. Please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

Independent Auditors' Report

(2024) Financial Report No. 23004206

To JUFAN INDUSTRIAL CO., LTD.:

Audit Opinions

The CPA has completed the audit for JUFAN INDUSTRIAL CO., LTD.'s Parent Company Only Balance Sheets for 2023 and dated December 31, 2022, as well as the Parent Company Only Consolidated Income Statements, Parent Company Only Equity Change Tables, Parent Company Only Cash Flow Statements, and the notes to the Parent Company Only Financial Statements (including the summary of major accounting policies) for 2023 and from January 1, 2022 to December 31, 2022.

In the opinion of this CPA, all major aspects of the preceding Parent Company Only Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and are sufficient to present the Parent Company Only Financial Status of JUFAN INDUSTRIAL CO., LTD. as for 2023 and as of December 31, 2022, as well as its Parent Company Only Financial Performances and Parent Company Only Cash Flows for 2023 and from January 1, 2022, to December 31, 2022.

Basis of Audit Opinion

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements. This CPA is an independent auditor of his accounting firm, subject to the code of professional ethics of R.O.C. for CPAs who have maintained detached and independent from JUFAN INDUSTRIAL CO., LTD. and fulfilled other responsibilities provided by the code. We believe the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit items refer to the most important audit matters for the 2023 Parent Company Only Financial Statements of JUFAN INDUSTRIAL CO., LTD., under the professional judgment of this CPA. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and in forming our response thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of JUFAN INDUSTRIAL CO., LTD.'s 2023 Parent Company Only Financial Statements are described as follows:

End of Revenue

Description

Please refer to Note IV (XXV), "Revenue Recognition" in the Parent Company Only Financial Statements, for details on the Company's revenue recognition policy. For details on the "Sales Revenue" item, please refer to Note VI (XVII), "Sales Revenue" in the Parent Company Only Financial Statements.

JUFAN INDUSTRIAL CO., LTD.'s sales revenue is primarily derived from designing, manufacturing, and selling pneumatic components, hydraulic components, and integrated electro-pneumatic-hydraulic systems. Revenue recognition is primarily based on the contractual terms of the transaction and is recognized at the time of transfer of control of the goods. It is necessary to verify that the products have been delivered to the customer and that the customer has the authority to accept them. Additionally, we need to ensure that there are no outstanding obligations on the company's part that could affect the customer's acceptance of the products. Since the time required for each shipment varies and involves human work and judgment, there is a significant risk of misstatement in the timing of revenue recognition near the balance sheet date. Moreover, the transaction amounts are usually large, which requires close attention from the auditors. Therefore, this matter is considered vital for this audit.

Responsive Audit Procedures

This CPA's key audit procedures for the specific levels described in the preceding key audit items are listed below:

1. Understand and assess the revenue recognition accounting policy.
2. Understand and assess the internal controls over revenue recognition and test the effectiveness of those controls, including controls over shipments and the timing of revenue recognition.
3. Perform cutoff tests for revenue transactions for specific periods before and after the balance sheet date to ensure that the recognized revenue has been transferred to the customer and the revenue recognition has been recorded in the correct period.

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 according to 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 free from materials misstatement, whether due to fraud or error.

The responsibilities of the management level during the formulation of the Parent Company Only Financial Statements include evaluating JUFAN INDUSTRIAL CO., LTD.'s ability to continue its operations, disclosure of the relevant matters, and adopt the accounting basis for continual operation unless the management level intends to liquidate JUFAN INDUSTRIAL CO., LTD., stop its operations, or there is no other practical option except settlement or liquidation.

The governance units (including the Audit Committee) of JUFAN INDUSTRIAL CO., LTD. are responsible for supervising the financial reporting process.

CPA's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance 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 auditor's report that includes our opinion. Reasonable assurance refers to a high degree of assurance. The audit performed according to the TWSA cannot guarantee that material misrepresentations in Parent Company Only Financial Statements will be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Parent Company Only Financial Statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. The CPA also performed the following tasks:

1. Identify the risks of material misstatements that may lead to fraud or error for the Parent Company Only Financial Statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit opinion. Since fraud may involve conspiracy, forgery, intentional omission, misrepresentation, or a breach of internal control, the risk of not detecting material misstatement due to fraud is higher than that due to error.
2. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure under the circumstances. The objective is not to express an opinion on the effectiveness of the internal control unit for JUFAN INDUSTRIAL CO.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Determine the appropriateness of management's ongoing use of its accounting policies and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt or

concern on the ability of JUFAN INDUSTRIAL CO. to continue. If we conclude that a material uncertainty exists, we must draw attention in our auditor's 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 our auditor's report date. However, future events or circumstances may lead JUFAN INDUSTRIAL CO. to no longer be able to continue to operate.

5. Evaluate the overall representation, structure, and content of the Parent Company Only Financial Statements (including the relevant notes) and determine whether the Parent Company Only Financial Statements have sufficiently expressed the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within JUFAN INDUSTRIAL CO. and issue an opinion regarding the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the parent company's 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).

This CPA has provided the statement of independence to the governance unit regarding how the CPAs of this accounting firm who are subject to independence detachment have complied with the CPA's professional code of ethics of R.O.C. and communicated with the governing unit regarding issues that may be considered as having the ability to influence the independence of CPAs and other matters (including the relevant protective measures).

This CPA has decided on the key audit items for the 2023 Parent Company Only Financial Statements of JUFAN INDUSTRIAL CO. based on the items communicated

with the governance unit. 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 may 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.

PwC Taiwan

Tzu-Yu Lin

CPA

Fang-Ting Ye

Former Member of the Securities and Futures Bureau
Committee

Approved Certification No.: (1993) Tai-Cai-Zheng (6)
No. 44927

Financial Supervisory Commission

Approved Certification No.: Jin-Guan-Zheng-Shen-Zi
No. 1110349013

March 12, 2024

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Asset Balance Sheet
2023 and December 31, 2022

Unit: NT\$ Thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 64,840	4	\$ 67,836	5
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)	2,746	-	2,759	-
1136	Financial assets at amortized cost - current	VI (I) (III) & VIII	8,007	1	23,898	2
1150	Net notes receivable	VI (IV)	13,961	1	15,492	1
1170	Net accounts receivable	VI (IV) & XII	71,805	5	77,082	5
1200	Other receivables		-	-	38	-
1210	Other receivables - related parties	VII	23,036	2	22,175	1
1220	Current tax assets	VI (XXIV)	3,694	-	-	-
130X	Inventories	VI (V)	117,468	8	109,981	8
1410	Prepayment items		2,818	-	2,367	-
11XX	Total current asset		<u>308,375</u>	<u>21</u>	<u>321,628</u>	<u>22</u>
Noncurrent assets						
1535	Financial assets at amortized cost - noncurrent	VI (I) (III) & VIII	50	-	523	-
1550	Investment accounted for using the equity method	VI (VI)	600,975	40	533,160	37
1600	Property, plant, and equipment	VI (VII) & VIII	559,054	38	576,519	40
1755	Right-of-use asset	VI (VIII)	3,337	-	3,630	-
1780	Intangible assets	VI (IX)	105	-	-	-
1840	Deferred tax assets	VI (XXIV)	9,536	1	6,605	-
1915	Prepayments for business facilities	VI (VII)	-	-	8,107	1
1920	Refundable deposits		3,407	-	4,205	-
1990	Other noncurrent assets - others		91	-	120	-
15XX	Total noncurrent assets		<u>1,176,555</u>	<u>79</u>	<u>1,132,869</u>	<u>78</u>
1XXX	Total assets		<u>\$ 1,484,930</u>	<u>100</u>	<u>\$ 1,454,497</u>	<u>100</u>

(Continued)

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Asset Balance Sheet
2023 and December 31, 2022

Unit: NT\$ Thousand

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI (X) & VIII	\$ 121,000	8	\$ 100,000	7
2130	Contractual liabilities - current	VI (XVII)	8,079	1	3,075	-
2150	Notes payable		2,638	-	3,661	-
2170	Accounts payable	VII	36,268	3	36,911	3
2200	Other payable		37,976	3	52,572	4
2230	Current income tax liabilities	VI (XXIV)	-	-	7,528	1
2280	Lease liabilities - current	VI (VIII)	2,371	-	2,619	-
2310	Advance payment		709	-	538	-
2320	Long-term liabilities due within one year or one business cycle	VI (XI) & VIII	35,124	2	21,393	1
21XX	Total current liabilities		<u>244,165</u>	<u>17</u>	<u>228,297</u>	<u>16</u>
Noncurrent liabilities						
2540	Long-term loans	VI (XI) & VIII	242,819	16	255,763	18
2570	Deferred tax liabilities	VI (XXIV)	67,145	5	63,756	4
2580	Lease liabilities – noncurrent	VI (VIII)	982	-	1,045	-
2640	Net defined benefit liabilities - noncurrent	VI (XII)	5,409	-	6,886	-
2645	Guarantee Deposits		72	-	72	-
25XX	Total noncurrent liabilities		<u>316,427</u>	<u>21</u>	<u>327,522</u>	<u>22</u>
2XXX	Total liabilities		<u>560,592</u>	<u>38</u>	<u>555,819</u>	<u>38</u>
Equity						
Share capital						
3110	Common share capital	VI (XIII)	277,800	19	277,800	19
3200	Capital surplus	VI (XIII) (XIV) (XV)	280,684	19	280,684	19
Retained earnings						
3310	Statutory legal reserve	VI (XVI)	62,347	4	52,753	4
3320	Special legal reserve		31,809	2	38,053	3
3350	Undistributed profits		313,176	21	281,197	19
Other equity interest						
3400	Other equity interest	VI (VI)	(41,478)	(3)	(31,809)	(2)
3XXX	Total equity		<u>924,338</u>	<u>62</u>	<u>898,678</u>	<u>62</u>
Significant Contingent Liabilities and Unrecognized Commitments						
3X2X	Total liabilities and equities		<u>\$ 1,484,930</u>	<u>100</u>	<u>\$ 1,454,497</u>	<u>100</u>

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Comprehensive Income Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand
(Except earnings per share in NTD)

Items	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating income	VI (XVII) & VII	\$ 346,479	100	\$ 411,436	100
5000 Operating cost	VI (V) (XII) (XXII) (XXIII) & VII	(252,527)	(73)	(277,660)	(67)
5900 Gross profit		<u>93,952</u>	<u>27</u>	<u>133,776</u>	<u>33</u>
Operating expense	VI (IX) (XII) (XXII) (XXIII) & XII				
6100 Selling expenses		(29,058)	(8)	(26,900)	(7)
6200 Administrative expenses		(47,099)	(14)	(50,358)	(12)
6300 R&D expenses		(16,996)	(5)	(26,254)	(6)
6450 Expected credit impairment gain		358	-	898	-
6000 Total operating expenses		<u>(92,795)</u>	<u>(27)</u>	<u>(102,614)</u>	<u>(25)</u>
6900 Operating profit		<u>1,157</u>	<u>-</u>	<u>31,162</u>	<u>8</u>
Non-operating income and expenditure					
7100 Interest income	VI (III) (XVIII)	688	-	376	-
7010 Other income	6 (19) & 7	24,526	7	31,009	7
7020 Other gains and losses	VI (II) (VIII) (XX) & XII	(927)	-	11,047	3
7050 Financial costs	VI (VII) (VIII) (XXI) & VII	(6,198)	(2)	(6,652)	(2)
7070 The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	VI (VI)	<u>78,769</u>	<u>23</u>	<u>47,560</u>	<u>12</u>
7000 Total non-operating incomes and expenses		<u>96,858</u>	<u>28</u>	<u>83,340</u>	<u>20</u>
7900 Net profit before income tax		<u>98,015</u>	<u>28</u>	<u>114,502</u>	<u>28</u>
7950 Income tax	VI (XXIV)	(6,977)	(2)	(22,371)	(6)
8200 Current net profit		<u>\$ 91,038</u>	<u>26</u>	<u>\$ 92,131</u>	<u>22</u>
Other comprehensive income (loss), net of income tax					
Items not subsequently reclassified to income					
8311 Remeasurement of defined benefit programs	VI (XII)	(\$ 186)	-	\$ 4,754	1
8349 Income taxes related to the items not reclassified	VI (XXIV)	37	-	(951)	-
Items that may be reclassified subsequently to income					
8361 Exchange differences in translation of the financial statements of foreign operations	VI (VI)	(12,086)	(4)	7,805	2
8399 Income tax related to items	VI (XXIV)	<u>2,417</u>	<u>1</u>	<u>(1,561)</u>	<u>-</u>

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Comprehensive Income Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand
(Except earnings per share in NTD)

	that may be reclassified			
8300	Other comprehensive income (loss), net of income tax	(\$ 9,818) (3)	\$ 10,047	3
8500	Total comprehensive income of the current period	\$ 81,220	23	\$ 102,178
	Earnings per share	VI (XXV)		
9750	Basic	\$ 3.28	\$ 3.61	
9850	Dilute	\$ 3.27	\$ 3.61	

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Statement of Changes in Equity
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Notes	Capital surplus			Retained earnings			Other equity interest	Total
		Common share capital	Issuance premium	Others	Statutory legal reserve	Special legal reserve	Undistributed profits	Exchange differences in translation of the financial statements of foreign operations	
<u>2022</u>									
Balance as of January 1, 2022		\$ 247,800	\$ 171,000	\$ -	\$ 40,657	\$ 36,214	\$ 261,148	(\$ 38,053)	\$ 718,766
Net profit for 2022		-	-	-	-	-	92,131	-	92,131
Other comprehensive income for 2022		-	-	-	-	-	3,803	6,244	10,047
2022 Total Comprehensive Income		-	-	-	-	-	95,934	6,244	102,178
2021 Earnings Assignment and Distribution:									
Statutory legal reserve		-	-	-	12,096	-	(12,096)	-	-
Special legal reserve	VI (XVI)	-	-	-	-	1,839	(1,839)	-	-
Cash dividends	VI (XVI)	-	-	-	-	-	(61,950)	-	(61,950)
Cash capital increase	VI (XIII) (XV)	30,000	109,287	(818)	-	-	-	-	138,469
Cash capital increase employee VI (XV) (XXIII) remuneration costs		-	-	1,215	-	-	-	-	1,215
Balance as of December 31, 2022		\$ 277,800	\$ 280,287	\$ 397	\$ 52,753	\$ 38,053	\$ 281,197	(\$ 31,809)	\$ 898,678
<u>2023</u>									
Balance as of January 1, 2023		\$ 277,800	\$ 280,287	\$ 397	\$ 52,753	\$ 38,053	\$ 281,197	(\$ 31,809)	\$ 898,678
Net profit for 2023		-	-	-	-	-	91,038	-	91,038
Other comprehensive income		-	-	-	-	-	(149)	(9,669)	(9,818)

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Statement of Changes in Equity
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Notes	Capital surplus			Retained earnings			Other equity interest	Total
		Common share capital	Issuance premium	Others	Statutory legal reserve	Special legal reserve	Undistributed profits	Exchange differences in translation of the financial statements of foreign operations	
for 2023									
2023 Total Comprehensive Income		-	-	-	-	-	90,889	(9,669)	81,220
2022 Earnings Assignment and Distribution:									
Statutory legal reserve		-	-	-	9,594	-	(9,594)	-	-
Special legal reserve reversed VI (XVI)		-	-	-	-	(6,244)	6,244	-	-
Cash dividends VI (XVI)		-	-	-	-	-	(55,560)	-	(55,560)
Balance as of December 31, 2023		<u>\$ 277,800</u>	<u>\$ 280,287</u>	<u>\$ 397</u>	<u>\$ 62,347</u>	<u>\$ 31,809</u>	<u>\$ 313,176</u>	<u>(\$ 41,478)</u>	<u>\$ 924,338</u>

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Cash Flow Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Notes	2023	2022
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 98,015	\$ 114,502
Adjustments			
Adjustments to reconcile income			
Net loss of financial assets (interests) measured by financial asset at fair value	VI (II) (XX)	13	(68)
Expected credit impairment gain	XII	(358)	(898)
Inventory valuation losses	VI (V)	2,307	1,416
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	VI (VI)	(78,769)	(47,560)
Depreciation expense	VI (VII) (VIII) (XXII)	32,879	30,065
Net gains from disposal of property, plant, and equipment	VI (XX)	(33)	(8,378)
Leases modification benefits	VI (VIII) (XX)	-	(35)
Amortization items	VI (IX) (XXII)	30	27
Prepaid equipment fund transfer fee		-	54
Cash capital increase employee remuneration costs	VI (XV) (XXIII)	-	1,215
Interest income	VI (XVIII)	(688)	(376)
Interest expense	VI (XXI)	6,198	6,652
Changes in assets/debts having to do with business activities			
Changes in operating assets, net changes			
Notes receivable		1,531	3,232
Trade receivable		5,635	13,181
Other receivables		38	829
Other receivables - related parties		(861)	4,027
Inventories		(9,794)	(7,220)
Prepayment items		(451)	945
Net changes in operating liabilities			
Contractual liabilities - current		5,004	(8,934)
Notes payable		(1,023)	(4,869)
Accounts payable		(643)	(11,281)
Other payable		(80)	(5,962)
Advance payment		171	(32,692)
Net defined benefit liabilities - noncurrent		(1,663)	(6,893)
Cash inflow generated from operations		57,458	40,979
Dividends received	VI (VI)	-	13,193
Interest received		688	376
Interest paid		(6,209)	(6,639)
Income tax paid		(15,287)	(11,190)
Net cash inflow from operating activities		<u>36,650</u>	<u>36,719</u>

(Continued)

JUFAN INDUSTRIAL CO., LTD.
Parent Company Only Cash Flow Statement
2023 and January 1, 2022 to December 31, 2022

Unit: NT\$ Thousand

	Notes	2023	2022
<u>Cash flows from investing activities</u>			
Decrease in financial assets measured at amortized cost		\$ 16,364	\$ 52
Acquisition of investment using equity method - subsidiary	VI (VI)	(1,132)	-
Cash payment for acquisition of property, plant, and equipment	VI (XXVI)	(18,466)	(39,030)
Proceeds from disposal of property, plant and equipment		250	81,000
Acquisition of intangible assets	VI (IX)	(135)	-
Increase in prepayments for equipment		(471)	(81,315)
Interest in prepaid equipment payments	VI (VII) (XXI)	-	(526)
Decrease in refundable deposits		798	173
Other noncurrent assets - other reduction (increase)		29	(147)
Net cash outflow from investment activities		(2,763)	(39,793)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	VI (XXVII)	21,000	(130,000)
Repaid principal of lease	VI (XXVII)	(3,110)	(5,315)
Proceeds from long-term borrowings	VI (XXVII)	22,180	102,980
Repayments of long-term borrowings	VI (XXVII)	(21,393)	(44,202)
Cash dividends paid	VI (XVI)	(55,560)	(61,950)
Cash capital increase	VI (XIII)	-	138,469
Net cash outflow from financing activities		(36,883)	(18)
Decrease in cash and cash equivalents in the current period		(2,996)	(3,092)
Cash and cash equivalents at the beginning of the year	VI (I)	67,836	70,928
Cash and cash equivalents at the end of the year	VI (I)	\$ 64,840	\$ 67,836

The notes to the Parent Company Only Financial Statements attached shall constitute an integral part of the statements, please refer to them.

Chairman: Chin-Tsai Hu

Manager: Cheng-Chieh Hu

Accounting Supervisor: Yi-Chen Yang

[Attachment 5]

JUFAN INDUSTRIAL CO., LTD.

Earnings distribution schedule

2023

Unit: NT\$

Item	Amount	
	Subtotal	Total
Beginning undistributed earnings		\$ 222,287,338
Net profit after tax for the current period (2023)	\$ 91,037,451	
Other comprehensive income for 2023 - remeasurement of defined benefit plans	(149,173)	90,888,278
Subtotal		313,175,616
Less: 10% set aside as statutory legal reserve	(9,088,828)	
Minus: Special legal reserve set aside	(9,669,439)	(18,758,267)
Amount of surplus available for distribution this year		294,417,349
Allocation Items		
Shareholder dividends - cash (NT\$1.2 per share)	(33,336,000)	
Shareholder dividends - stock (NT\$0.8 per share, 80 shares are allotted for every 1,000 shares)	(22,224,000)	
Allocation Amount Subtotal		(55,560,000)
Undistributed earnings at the end of the period		\$ 238,857,349

Chairman: Chin-Tsai Hu Manager: Cheng-Chieh Hu Accounting Supervisor: Yi-Chen Yang

[Appendix 1]

JUFAN INDUSTRIAL CO., LTD.

Rules of Procedure for Board of Directors Meetings (before amendment)

Article 1 The Procedures are formulated according to Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to establish a good governance system for the board of directors, improve the supervisory function, and strengthen the Company's management function.

Article 2 The Company's Procedures for Board of Directors Meetings (hereinafter "Procedures"), main contents, operating procedures, required items in the meeting minutes, announcements, and other matters to be followed shall be handled according to the provisions of the Procedures.

Article 3 The Company's board of directors shall meet at least quarterly.

The time, location, and reasons for convening a board of directors meeting shall be communicated to each director and supervisor at least seven days in advance. However, in emergencies, a meeting may be convened on shorter notice.

In addition to written notice, the notice outlined in the preceding paragraph may be effected via electronic transmission after obtaining prior consent from the recipients thereof.

Except during emergencies or other justifiable reasons, the matters stipulated by the various Subparagraphs of Paragraph 1, Article 12 shall be specified in the meeting notice as causes for the meeting and shall not be raised as an extraordinary motion.

Article 4 The Company's board of directors shall designate the finance department as responsible for agenda handling.

The agenda handling unit shall prepare agenda items for the board of directors meetings and provide comprehensive pre-meeting materials to be sent with the meeting notice.

A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda-handling unit to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 When a board of directors meeting is held, an attendance book shall be made ready for signature by directors attending the meeting.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall, in each case, give that director a written proxy stating the scope of authorization concerning the reasons for the meeting.

A proxy under Paragraph 2 may accept a proxy from one person only.

Article 6 A board of directors meeting shall be held at the location and during the company's business hours or at a place and time convenient for all directors to attend and suitable for holding a board of directors meeting.

Article 7 Where the chairman of the board calls a board of directors meeting, the meeting shall be chaired by the chairman. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a majority of directors convene a board of directors meeting on their own initiative according to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

If the chairman cannot perform the duties due to a leave of absence or any other reason, the chairman may appoint one of the directors to act on his or her behalf. If no one is appointed, the remaining directors will appoint one person as an agent.

Article 8 When the Company's board of directors meeting convenes, the management departments or the agenda-handling unit shall prepare the relevant materials for the directors to inspect at any time.

When holding a board of directors meeting, personnel of relevant departments or subsidiaries shall be notified to attend the meeting as nonvoting participants as necessary for the agenda items of the meeting. When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 9 When the scheduled meeting time has passed, but the number of attendants is less than one-half of all directors, the chair may announce the postponement of the meeting. At most, 2 postponements may be made. If the number of participants remains insufficient after two postponements, the chair shall reconvene the meeting according to Article 3, Paragraph 2 of the Rules.

All directors referred to in the preceding Paragraph and Paragraph 2 of Article 16 shall be counted as the actual number of persons currently in office.

Article 10 A board of directors meeting shall be conducted according to the order of business on the agenda as specified in the meeting notice. However, the agenda may be changed with the consent of over half of the directors present.

The chair shall not adjourn the meeting without over half of the directors' consent.

If at any time during the proceeding of a board of directors' meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the Chairperson shall declare a suspension of meeting, in which case Paragraph 1 of the preceding article shall apply mutatis mutandis.

Article 11 Article 11. The agenda items for the Company's board of directors meetings shall include at least the following:

I. Report Items

- (I) Minutes of the last meeting and actions arising
- (II) Reporting on important financial and business matters
- (III) Reporting on internal audit activities
- (IV) Other important matters to be reported

II. Discussions

- (I) Items discussed and continued from the last meeting
- (II) Items for discussion at this meeting

III. Extraordinary motions

Article 12 The following items shall be submitted for discussion by the board of directors:

- I. Corporate business plan.
- II. Annual and semi-annual financial reports, except for semi-annual financial reports, which need not be audited and attested by a certified public accountant (CPA) under relevant laws and regulations.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereafter the "Exchange Act")

and an assessment of the effectiveness of the internal control system.

- IV. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. The appointment or discharge of a financial, accounting, or internal audit officer.
- VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- VIII. Any matter required by Article 14-3 of the Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting or any such significant matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within 1 year to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within 1 year" in the preceding paragraph means 1 year, calculated retroactively from the date the board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

If the Company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation, it shall be recorded

in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 13 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present and none voices an objection, the matter is deemed approved. Any objection raised by the chair shall be put to the vote.

The chair shall determine the voting method from one of the following provisions. However, if the attendees have objections, they shall be decided by a majority opinion:

- I. Vote by showing the hands of the ballot machine.
- II. Vote by roll call.
- III. Vote by ballot.
- IV. Other voting methods determined by the Company.

"All directors present at the meeting" referred to herein does not include directors prohibited from exercising voting rights pursuant to Article 15, Paragraph 1.

Article 14 Directors shall have one voting right per share.

Except as otherwise stated in the Exchange Act or the Company Act, a resolution at the Company's board of directors meeting requires the approval of a majority of the directors present at the meeting that a majority of all directors shall attend.

When there is an amendment or substitute to the same proposal, the chair shall determine the voting order together with the original proposal. However, if any proposals have been passed, the other proposals shall be rejected, and no further voting is required.

Vote monitoring and counting personnel for the voting on a proposal, if necessary, shall be appointed by the chair, provided that all voting monitoring personnel shall be directors.

The results of the voting shall be announced on the spot and recorded.

Article 15 If any director or a juristic person represented by a director is an interested party concerning any agenda item, the director shall state the important aspects of the

interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in the discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director or a company that has a controlling or subordinate relation with a director is an interested party concerning an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party concerning that agenda item.

For the resolution of the board meeting, the provisions of Article 180, Paragraph 2 of the Company Act shall apply mutatis mutandis according to Article 206, Paragraph 4 of the director who is not allowed to exercise voting rights according to the preceding two Paragraphs.

Article 16 Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:

- I. Session (or year), time, and place of meeting.
- II. Name of the meeting chair.
- III. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Report Items.
- VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding Article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.
- VIII. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director

that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a board of directors meeting shall be stated in the meeting minutes and, within two days of the meeting, be published on an information reporting website designated by the competent authority:

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. If the Company has an Audit Committee, any matter that has not been passed by the Audit Committee but has been adopted with the approval of two-thirds or more of all board directors without being passed by the Audit Committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minute taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.

Article 17 The Company shall record the entire proceedings of a board of directors meeting on audio or video tape and preserve the recordings for at least five years, in electronic form or otherwise.

If any litigation arises in connection with a board of directors meeting resolution before the end of the preservation period referred to in the preceding paragraph, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting

minutes and shall be well preserved during the existence of the Company.

Article 18 In addition to the matters that must be submitted to the Company's board of directors for discussion as provided in Paragraph 1 of Article 12, during the board's recess, the board of directors may authorize the chairman to exercise the board's powers according to the laws and regulations or the Company's Articles of Incorporation. The content and items of such authorization are as follows:

- I. Approve all important contracts required for operations.
- II. Authorize the chairman to approve bank loans of less than NT\$50 million, subject to submission to the next board meeting.
- III. Approve the base date for capital increase or decrease, the base date for dividend distribution, the base date for stock dividend or stock subscription, etc.
- IV. Review and approve the Company's general property and real estate purchase and disposal.
- V. Appointment of directors and supervisors for reinvestment companies.
- VI. The chairman of the Company is authorized to approve the following matters according to the Company's authority delegation regulations or other management rules:

Article 19 Implementation and Revision

The establishment of the Procedures shall be approved by the Company's board of directors, and a report shall be submitted to the shareholders' meeting. The same shall apply to its amendments.

JUFAN INDUSTRIAL CO., LTD.

Articles of Incorporation

Chapter I. General

- Article 1. This Company is organized according to the Company Act under the name of JUFAN INDUSTRIAL CO., LTD. The Company's English name is JUFAN INDUSTRIAL CO., LTD.
- Article 2. The business items operated by this Company are as follows:
1. CA02050 Valves Manufacturing.
 2. CA02990 Other Metal Products Manufacturing.
 3. CB01010 Mechanical Equipment Manufacturing.
 4. CB01990 Other Machinery Manufacturing.
 5. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery.
 6. CC01080 Electronics Components Manufacturing.
 7. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
 8. CD01030 Motor Vehicles and Parts Manufacturing.
 9. CD01060 Aircraft and Parts Manufacturing.
 10. F401010 International Trade.
 11. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company may provide external guarantees within the scope approved by the competent authority due to business needs, and its operations shall be handled according to the Company's endorsement guarantee operation procedures.
- Article 4. The total amount of the Company's reinvestment is not subject to the restriction of Article 13 of the Company Act, which shall not exceed 40% of the Company's paid-in capital.
- Article 5. The Company's main office is located in Tainan City, Taiwan. Where necessary, the Company may establish branches within or out of the country, subject to approval by the board of directors.
- Article 6. The Company's announcement methods shall be handled according to the

Company Act and the provisions provided by the securities regulatory authorities.

Chapter 2. Shares

- Article 7. The Company's total capital is set at NT\$500,000,000, divided into 50,000,000 shares, with an amount of NT\$10 per share. The board of directors shall be authorized to issue shares in installments based on business needs.
- Article 8. The Company's stocks must be registered, numbered, signed, or stamped by a director representing the company and issued after being certified by a bank that is legally responsible for the issuance of stocks.
The Company's stocks are exempt from printing stock certificates according to the relevant laws and regulations, but registration must be made with the centralized securities depository institution.
- Article 9. Once the Company has been publicly traded, if the shares are proposed to be delisted, a resolution must be passed by the shareholders' meeting before it can be done. This provision shall remain unchanged during the emerging stock or TWSE (TPEX) listing period.
- Article 10. Changes to the information recorded in the Company's shareholders register shall be suspended within 30 days prior to the convening of a regular shareholders' meeting; within 15 days prior to the convening of a special shareholders' meeting; or within 5 days prior to the base date for the distribution of dividends, bonuses, or other Company benefits.
After the public issuance of the Company's shares, changes to the information recorded in the shareholders register shall be suspended within 60 days prior to the convening of a regular shareholders' meeting; within 30 days prior to the convening of a special shareholders' meeting; or within 5 days prior to the base date for the distribution of dividends, bonuses, or other Company benefits.

Chapter 3. Shareholders' Meeting

- Article 11. Shareholders' meetings are divided into regular and special meetings. The regular shareholders' meeting shall be held once a year and convened by the board of directors according to the law within six months after the end of the fiscal year. A special shareholders' meeting is convened when

necessary.

After the Company's shares are listed on TWSE (TPEX), electronic voting shall be one of the methods for exercising voting rights. The method of exercising voting rights shall be according to the Company Act and the regulations of the competent authority.

For shareholders' meetings, a notice notifying shareholders of the date, location, and reason for the meeting to all shareholders in writing or electronically shall be issued at least 20 days before the regular shareholders' meeting date and at least 10 days before the special shareholders' meeting date.

When a shareholders' meeting mentioned in the preceding paragraph is convened after the Company becomes publicly listed, a notice notifying shareholders of the date, location, and reason for the meeting to all shareholders in writing or electronically shall be issued at least 30 days before the regular shareholders' meeting date and at least 15 days before the special shareholders' meeting date.

The shareholders' meeting summons notice may be issued electronically if the counterparty agrees. After the Company's stocks are publicly issued for shareholders holding less than one thousand shares, the summons mentioned in the preceding paragraph may be notified in the form of an announcement.

Article 11-1. The Company's shareholders' meetings may be held via video conference or other methods announced by the Ministry of Economic Affairs.

Article 12. A shareholder unable to attend the shareholders' meeting for any reason may issue a power of attorney stating the scope of the authorization according to Article 177 of the Company Act and entrust a proxy to attend via a proxy form with the shareholder's signature and seal.

After the company publicly issues shares, the method for shareholders to attend by proxy shall be according to Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 13. The Company's shareholders shall have one voting right per share. However, the Company shareholders shall have no voting rights if they are subject to Article 179 of the Company Act and relevant laws and

regulations.

Article 14. Unless otherwise specified in the Company Act, any resolution at a shareholders' meeting shall be adopted by a majority of the shareholders present, who represent over half of the total number of the Company's outstanding shares, and shall be executed based on the majority of the voting rights from the shareholders present.

If the Company intends to delist its shares after going public, it must follow the provisions of Article 156 of the Company Act. A shareholders' meeting must be held with the attendance of shareholders representing more than two-thirds of the total issued shares, and a majority vote of the shareholders present must approve the delisting.

Article 15. Except as otherwise provided by the Company Act, the chairman of the board of directors shall chair shareholders' meetings. If the chairman is absent or unable to exercise his/her duties for other reasons, the chairman shall designate one director to act as a proxy. If the chairman does not designate a proxy, the directors shall elect one of their number to act as the temporary chair.

If a person convenes the shareholders' meeting with the right to convene other than the board of directors, the chairman shall be the person with the right to convene. If two or more persons have the right to convene meetings, one of such persons shall be elected as the chairman.

Article 16. Shareholders' meeting resolutions shall be compiled into detailed minutes and signed or sealed by the meeting chairman before disseminating them to each shareholder no later than 20 days after the meeting.

The production and distribution of meeting minutes may be conducted electronically.

The minutes shall detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes shall be retained permanently.

The retention period for shareholders' attendance sheets and proxy forms shall be at least one year. However, if a shareholder files a lawsuit pursuant to Article 189, the ballots shall be retained until the litigation concludes.

After the Company's shares are publicly listed, the meeting minutes may be disseminated via public announcements.

Chapter 4. Directors and Audit Committee

- Article 17. The Company has 7 to 9 directors, all of whom are elected by the shareholders' meeting with the ability to act for a term of 3 years, and can be re-elected.
- The Company has established an Audit Committee according to the relevant provisions of the Securities and Exchange Act. The members of the Audit Committee are composed of all independent directors and have formulated rules for exercising their powers. The authority and responsibilities of the Audit Committee shall be exercised according to the Company Act, the Securities and Exchange Act, other relevant laws and regulations, and the Company's Articles of Incorporation. The Company's board of directors may establish various functional committees, and these functional committees shall formulate rules for exercising their powers, which shall be implemented after approval by the board of directors.
- Article 18. The Company has established independent directors among the aforementioned board positions according to Article 14-2 of the Securities and Exchange Act. The number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of board seats. Matters related to professional qualifications, shareholding, term of office, concurrent position restrictions, nomination and election methods, and other requirements for independent directors shall be handled according to the regulations of the securities competent authority. Directors shall be adopted via the candidate nomination system as stipulated in Article 192-1 of the Company Act. The implementation of related matters shall be handled according to the relevant provisions of the Company Act, Securities and Exchange Act, and other related laws and regulations.
- Article 19. The Company's directors shall be elected using the single-name cumulative voting method. Each share has voting rights equal to the number of directors to be elected. Shareholders may vote for one candidate or distribute their votes among multiple candidates. The candidates who receive the most votes shall be elected as directors. Independent directors and non-independent directors are elected together, and the number of seats to be elected for each category is calculated separately.

If the term of a director has expired and a replacement cannot be reelected for any reason, his/her executive duties shall be extended until a new director takes office.

The Company's total shareholding ratio of all directors shall comply with the regulations established by the securities regulatory authority.

Article 20. The directors shall organize the board of directors. One chairman shall be appointed during a board of directors meeting with over two-thirds of the directors present and with the support of over half of all attending directors, and the chairman shall represent the Company externally.

Article 21: In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled according to the provision of Article 208 of the Company Act.

A board of directors meeting may be held via video conferencing.

Directors who have attended the meeting via video conferencing shall be deemed as having attended the meeting in person.

Directors who cannot attend a board meeting may entrust other directors to represent them at the meeting unless otherwise provided by law. They must provide written authorization for each meeting, specifying the scope of the authorization and listing the reasons for the meeting. Each director may be authorized to entrust one other director.

Article 22. The board of directors is authorized to determine the remuneration of all directors based on the extent of their participation in the Company's operations and the value of their contributions, considering industry standards.

The board of directors shall also consider the recommendations of the Remuneration Committee.

Article 23. The board of directors meetings shall be convened by the chairman. However, the first board meeting of each term shall be convened by the director who received the most votes in the election.

The convener of the board meeting shall specify the purpose of the meeting and notify all directors 7 days in advance. However, in an emergency, the board meeting may be convened at anytime.

The meeting notice under this paragraph may be given in writing by fax or email.

Article 24. Unless otherwise specified by the regulations, the board of directors'

resolutions are passed only if over half of the board members are present during the meeting and the majority of the attending directors vote in favor.

Article 25. The Company shall purchase liability insurance policies that cover the directors' term of service and, therefore, insure itself against liabilities incurred by the directors during service.

Chapter 5. Managers

Article 26. The Company shall appoint managerial officers. The managerial officers' appointment, discharge, and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6. Accounting

Article 27. The Company's board of directors shall formulate the various forms listed below at the end of each fiscal year and submit them to the auditor for inspection at least 30 days before the regular shareholders' meeting and then submit them to the regular shareholders' meeting for acknowledgment:

- I. Business report.
- II. Financial statement.
- III. Proposal for surplus distribution or loss supplement.

The Company's surplus distribution or loss supplement shall be made after the end of each fiscal year.

Article 28. If the Company is profitable for the year, it shall allocate not less than 1% as employee remuneration, and the board of directors shall pass a resolution on whether the allocation distribution should be made in stocks or cash. The subject of distribution must be Company employees meeting certain conditions. The board of directors shall pass a resolution to allocate no more than 3% of the aforesaid profit as remuneration for the directors and supervisors. Proposals for distributing employee and director remunerations shall be submitted to the shareholders' meeting.

However, priority shall be given to reserving the funds to cover the accumulated losses and allocating employee and director remunerations according to the preceding ratio.

The recipients of employee remuneration in stocks or cash may include

employees of controlled or affiliated companies that meet certain conditions determined by the board of directors.

Article 29

If the Company has a surplus in its annual financial statements, it shall first pay taxes, make up for losses from previous years, set aside 10% of the statutory surplus reserve, and set aside or revert special surplus reserves according to laws and regulations. If there is still a surplus, the surplus shall be added to the accumulated undistributed profits from previous years to distribute dividends and bonuses to shareholders. The amount of such distribution shall be determined by the board of directors, who shall prepare a profit distribution plan and present it to the shareholders' meeting for approval prior to distribution.

The Company's dividend policy is formulated in light of its current and future development plans, investment environment, capital needs, domestic and foreign competitive landscape, and shareholder interests. The dividend distributed to shareholders shall not be less than 10% of the distributable profit for the current year. However, if the distributable profit is less than 10% of the paid-in capital, the company may resolve to transfer all of the distributable profit to retained earnings and not distribute it. The cash dividend ratio shall not be less than 10% when distributing profits.

Chapter 7. Miscellaneous

Article 30.

Any issues not covered in this Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

Article 31:

The Articles of Incorporation were enacted on April 8, 1983.

The 1st amendment was made on June 25, 1983.

The 2nd amendment was made on February 25, 1987.

The 3rd amendment was made on November 3, 1987.

The 4th amendment was made on July 25, 1988.

The 5th amendment was made on May 21, 1991.

The 6th amendment was made on April 22, 1995.

The 7th amendment was made on August 6, 1996.

The 8th amendment was made on October 2, 1998.

The 9th amendment was made on June 11, 2004.

The 10th amendment was made on September 12, 2004.

The 11th amendment was made on October 26, 2004.

The 12th amendment was made on April 23, 2013.
The 13th amendment was made on June 30, 2014.
The 14th amendment was made on June 30, 2015.
The 15th amendment was made on October 3, 2015.
The 16th amendment was made on December 11, 2015.
The 17th amendment was made on June 14, 2018.
The 18th amendment was made on June 14, 2019.
The 19th amendment was made on May 20, 2021.
The 20th amendment was made on May 27, 2022.
The 21st amendment was made on December 28, 2022.

JUFAN INDUSTRIAL CO., LTD.

Chairman: Chin-Tsai Hu

[Appendix 3]

JUFAN INDUSTRIAL CO., LTD.
Rules and Procedures of Shareholders' Meeting

Article 1 The Rules of Procedures for Shareholders' Meetings (hereinafter "Rules") are formulated according to Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to establish a sound governance system for the board of directors, improve the supervisory function, and strengthen the Company's management function.

Article 2 The Company's Procedures for Board of Directors Meetings (hereinafter "Procedures"), main contents, operating procedures, required items in the meeting minutes, announcements, and other matters to be followed shall be handled according to the provisions of the Procedures.

Article 3 The Company's board of directors shall meet at least quarterly.
The time, location, and reasons for convening a board of directors meeting shall be communicated to each director and supervisor at least seven days in advance. However, in emergencies, a meeting may be convened on shorter notice.

In addition to written notice, the notice outlined in the preceding paragraph may be effected via electronic transmission after obtaining prior consent from the recipients thereof.

The matters referred to in Article 12, Paragraph 1 shall be listed in the reasons for convening the meeting and shall not be proposed as an extraordinary motion.

Article 4 The Company's board of directors shall designate the finance department as responsible for agenda handling.

The agenda handling unit shall prepare agenda items for the board of directors meetings and provide comprehensive pre-meeting materials to be sent with the meeting notice.

A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda-handling unit to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 When a board of directors meeting is held, an attendance book shall be made

ready for signature by directors attending the meeting.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall, in each case, give that director a written proxy stating the scope of authorization concerning the reasons for the meeting.

A proxy under Paragraph 2 may accept a proxy from one person only.

Article 6 A board of directors meeting shall be held at the location and during the company's business hours or at a place and time convenient for all directors to attend and suitable for holding a board of directors meeting.

Article 7 Where the chairman of the board calls a board of directors meeting, the meeting shall be chaired by the chairman. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a majority of directors convene a board of directors meeting on their own initiative according to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

If the chairman cannot perform the duties due to a leave of absence or any other reason, the chairman may appoint one of the directors to act on his or her behalf. If no one is appointed, the remaining directors will appoint one person as an agent.

Article 8 When the Company's board of directors meeting convenes, the management departments or the agenda-handling unit shall prepare the relevant materials for the directors to inspect at any time.

When holding a board of directors meeting, personnel of relevant departments or subsidiaries shall be notified to attend the meeting as nonvoting participants as necessary for the agenda items of the meeting. When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided

that they shall leave the meeting when deliberation or voting takes place.

Article 9 When the scheduled meeting time has passed, but the number of attendants is less than one-half of all directors, the chair may announce the postponement of the meeting. At most, 2 postponements may be made. If the number of participants remains insufficient after two postponements, the chair shall reconvene the meeting according to Article 3, Paragraph 2 of the Rules.

All directors referred to in the preceding Paragraph and Paragraph 2 of Article 16 shall be counted as the actual number of persons currently in office.

Article 10 A board of directors meeting shall be conducted according to the order of business on the agenda as specified in the meeting notice. However, the agenda may be changed with the consent of over half of the directors present.

The chair shall not adjourn the meeting without over half of the directors' consent.

If at any time during the proceeding of a board of directors' meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the Chairperson shall declare a suspension of meeting, in which case Paragraph 1 of the preceding article shall apply *mutatis mutandis*.

Article 11 The agenda items for the Company's board of directors meetings shall include at least the following:

I. Report Items

- (I) Minutes of the last meeting and actions arising
- (II) Reporting on important financial and business matters
- (III) Reporting on internal audit activities
- (IV) Other important matters to be reported

II. Discussions

- (I) Items discussed and continued from the last meeting
- (II) Items for discussion at this meeting

III. Extraordinary motions

Article 12 The following items shall be submitted for discussion by the board of directors:

- I. Corporate business plan.
- II. Annual and semi-annual financial reports, except for semi-annual financial reports, which need not be audited and attested by a certified public accountant (CPA) under relevant laws and regulations.
- III. Adoption or amendment of an internal control system pursuant to Article

14-1 of the Securities and Exchange Act (hereafter the "Exchange Act") and an assessment of the effectiveness of the internal control system.

- IV. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. The election or discharge of the chairman of the board of directors.
- VII. The appointment or discharge of a financial, accounting, or internal audit officer.
- VIII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- IX. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting, board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within 1 year to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within 1 year" in the preceding paragraph means 1 year, calculated retroactively from the date the board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

If the Company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall

appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 13 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present and none voices an objection, the matter is deemed approved. Any objection raised by the chair shall be put to the vote.

The chair shall determine the voting method from one of the following provisions. However, if the attendees have objections, they shall be decided by a majority opinion:

- I. Vote by showing the hands of the ballot machine.
- II. Vote by roll call.
- III. Vote by ballot.
- IV. Other voting methods determined by the Company.

"All directors present at the meeting" referred to herein does not include directors prohibited from exercising voting rights pursuant to Article 15, Paragraph 1.

Article 14 Directors shall have one voting right per share.

Except as otherwise stated in the Exchange Act or the Company Act, a resolution at the Company's board of directors meeting requires the approval of a majority of the directors present at the meeting that a majority of all directors shall attend.

When there is an amendment or substitute to the same proposal, the chair shall determine the voting order together with the original proposal. However, if any proposals have been passed, the other proposals shall be rejected, and no further voting is required.

Vote monitoring and counting personnel for the voting on a proposal, if necessary, shall be appointed by the chair, provided that all voting monitoring personnel shall be directors.

The results of the voting shall be announced on the spot and recorded.

Article 15 If any director or a juristic person represented by a director is an interested party concerning any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in the discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director or a company that has a controlling or subordinate relation with a director is an interested party concerning an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party concerning that agenda item.

For the resolution of the board meeting, the provisions of Article 180, Paragraph 2 of the Company Act shall apply mutatis mutandis according to Article 206, Paragraph 4 of the director who is not allowed to exercise voting rights according to the preceding two Paragraphs.

Article 16 Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:

- I. Session (or year), time, and place of meeting.
- II. Name of the meeting chair.
- III. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Report Items.
- VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding Article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.

VIII. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a board of directors meeting shall be stated in the meeting minutes and, within two days of the meeting, be published on an information reporting website designated by the competent authority:

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. If the Company has an Audit Committee, any matter that has not been passed by the Audit Committee but has been adopted with the approval of two-thirds or more of all board directors without being passed by the Audit Committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minute taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.

Article 17 The Company shall record the entire proceedings of a board of directors meeting on audio or video tape and preserve the recordings for at least five years, in electronic form or otherwise.

If any litigation arises in connection with a board of directors meeting resolution before the end of the preservation period referred to in the preceding paragraph, the relevant audio or video recordings shall continue to be preserved

until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

Article 18 In addition to the matters that must be submitted to the Company's board of directors for discussion as provided in Paragraph 1 of Article 12, during the board's recess, the board of directors may authorize the chairman to exercise the board's powers according to the laws and regulations or the Company's Articles of Incorporation. The content and items of such authorization are as follows:

- I. Approve all important contracts required for operations.
- II. Authorize the chairman to approve bank loans of less than NT\$50 million, subject to submission to the next board meeting.
- III. Approve the base date for capital increase or decrease, the base date for dividend distribution, the base date for stock dividend or stock subscription, etc.
- IV. Review and approve the Company's general property and real estate purchase and disposal.
- V. Appointment of directors and supervisors for reinvestment companies.
- VI. The chairman of the Company is authorized to approve the following matters according to the Company's authority delegation regulations or other management rules:

Article 19 Implementation and Revision

The establishment of the Procedures shall be approved by the Company's board of directors, and a report shall be submitted to the shareholders' meeting. The same shall apply to its amendments.

[Appendix 4]

JUFAN INDUSTRIAL CO., LTD.
Director Shareholding Status Table

Base date: April 1, 2024

Job title	Name	Date elected	Shares held	Shareholding ratio
Chairman	Chin-Tsai Hu	2023/05/29	3,068,295	11.04%
Director	Yong Bai Investment Co., Ltd. Representative: Cheng-Chieh Hu	2023/05/29	5,771,425	20.78%
Director	Jun Yong Sheng Investment Co., Ltd. Representative: Cheng-Chieh Hu	2023/05/29	788,247	2.84%
Director	Fu-Chin Liu	2023/05/29	52,500	0.19%
Director	Te-Jung Chen	2023/05/29	0	0.00%
Independent Director	Ming-Chi Tsai	2023/05/29	0	0.00%
Independent Director	Chu-Shan Chiu	2023/05/29	0	0.00%
Independent Director	Hao-Ping Lu	2023/05/29	0	0.00%
Independent Director	Hsi-Fu Hsieh	2023/05/29	0	0.00%
Total shares held by all directors			9,680,467	34.85%

Description:

- I. The Company's paid-in capital is NT\$277,800,000; and the number of shares issued is 27,780,000.
- II. As of the record date for the upcoming regular shareholders' meeting (April 1, 2024), all directors' individual and aggregate shareholdings are shown in the table above. All directors' aggregate minimum shareholding requirement is 3,333,600 shares in compliance with Article 26 of the Securities and Exchange Act and the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."
- III. The company has established an Audit Committee to replace the duties of the supervisors.

[Appendix 5]

Shareholders' Proposal-Related Information

- I. According to Articles 172-1 of the Company Act, shareholders holding more than 1% of the total shares issued by the Company may submit proposals for consideration at regular shareholders' meetings by submitting a written request to the Company.
- II. Each shareholder may submit only one proposal, which shall be limited to 300 words. Proposals exceeding one proposal or 300 words shall not be considered for inclusion in the meeting agenda.
- III. The proposal submission period for the upcoming regular shareholders' meeting is from March 18, 2024, to March 27, 2024.
- IV. During the period for accepting shareholder proposals referred to above, no shareholder proposal was received.