



## 2024 General Shareholders' Meeting

# Meeting Handbook

Date of general shareholders' meeting: 9:00 a.m., June 26, 2024  
(Wednesday)

Regular Shareholders' Meeting Venue: No. 300, Sec. 1, Zhuangjing Rd.,  
Taoyuan Dist., Taoyuan City (Elegant Hall of Monarch Plaza Hotel)

Type of general shareholders' meeting: Physical shareholders' meeting

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# **NAN JUEN INTERNATIONAL CO., LTD.**

## **Procedure for 2024 General Shareholders' Meeting**

- I. Reporting the shares held by shareholders present
- II. Calling the meeting to order
- III. Chairperson's Address
- IV. Report Items
- V. Recognition
- VI. Discussion
- VII. Extemporaneous Motions
- VIII. Adjournment

# **NAN JUEN INTERNATIONAL CO., LTD.**

## **2024 General Shareholders' Meeting Agenda**

Type of Meeting: Physical shareholders' meeting

Time: 9:00 a.m., June 26 (Wednesday), 2024

Venue: No. 300, Sec. 1, Zhuangjing Rd., Taoyuan Dist., Taoyuan City   Elegant  
Hall of Monarch Plaza Hotel

### **I. Call the meeting to order**

### **II. Chairperson's Address**

### **III. Report Items**

1. 2023 Business report
2. Audit Committee's review of 2023 financial statements
3. Report on 2023 remuneration to employees and directors
4. Report of the performance evaluation of directors and managers

### **IV. Recognition**

1. Recognition of the 2023 business report and financial reports
2. Recognition of the distribution of earnings for 2023

### **V. Discussion**

1. Discussion on the distribution of cash from the capital surplus for the fiscal year 2023.

### **VI. Extemporaneous Motions**

### **VII. Adjournment**

## Report Items:

### Proposal I:

Cause: 2023 Business Report

Description: Please refer to Attachment I for the business report, parent company only financial statements and consolidated financial statements for review.

### Proposal II:

Cause: Audit Committee's review of 2023 financial statements

Description: For the Audit Committee's consent report, please refer to Attachment III for review.

### Proposal III:

Cause: Report on 2023 remuneration to employees and directors

Explanation: The Company's pre-tax profit was NTD 2,108,321 in 2023, and it is proposed to pay 5% (NT\$ 105,416) as employee remuneration and 3% ( NT\$ 63,249) as director remuneration, both of which are to be paid in cash.

### Proposal IV:

Cause: Report on the performance evaluation of directors and managers

Description: The Company conducts performance evaluations in accordance with the evaluation procedures and five major evaluation indicators of the "Board of Directors Performance Evaluation Regulations." The evaluation results of all board members are better than the scoring standards, and the evaluation results are linked to the annual remuneration of individual directors. Considering the extent of contributions to operations and the responsibilities assumed, and taking into account the salary levels in the same industry, the Company pays its managers reasonable remuneration based on the salary standards of their positions, the Company's operating performance and their personal performance, which is evaluated by the remuneration committee on a regular basis.

# Recognition:

Proposal I:

Proposed by the Board of Directors

Cause: To recognize the 2023 business report and financial report

Description:

1. Please refer to Attachment I for the business report, parent company only financial statements, consolidated financial statements and independent auditors' report.
2. The proposal has been reviewed by the audit committee, discussed and approved by the board of directors, audited by CPAs, and submitted to the Shareholders' Meeting for recognition.
3. We kindly ask for your approval.

Resolution:

Proposal II:

Proposed by the Board of Directors

Cause: To recognize the 2023 earnings distribution proposal

Description:

1. Considering the working capital and capital expenditure requirements for the construction of the plant, it is proposed to distribute a cash dividend of NT\$ 0.5 per share from the distributable earnings for the current year, amounting to NT\$ 32,984,100 in total, and the earnings from 2023 will be distributed first.
2. The cash dividends are calculated on a pro rata basis to the nearest dollar, and rounded down to the nearest dollar. The fractional amounts less than one dollar shall be classified in the Company's other revenues, and the shareholders' meeting shall authorize the Board of Directors to set another dividend distribution base date.
3. Please refer to Attachment II for the earnings distribution table.
4. If there is a need to revise the dividend distribution rate due to changes in the number of outstanding shares as a result of changes in the Company's share capital, the shareholders' meeting shall be requested to authorize the Board of Directors or its delegated authority to deal with the matter in the sole discretion and to make a public announcement.
5. We kindly ask for your approval.

Resolution:

## **Discussion:**

Proposal I:

Proposed by the Board of Directors

Cause: Discussion on the distribution of cash from the capital surplus for the fiscal year 2023..

Description:

1. Pursuant to Article 241 of the Company Law, the Company proposes to allocate the capital surplus generated from the issuance of shares exceeding the par value, amounting to NTD 32,984,100. This allocation will be distributed in cash to shareholders based on the shareholding recorded in the shareholders' register on the cash distribution record date, at a rate of NTD 0.5 per share. Cash distribution from the capital surplus shall be rounded down to the nearest whole NTD, with any fractional amount less than one NTD being treated as miscellaneous income of the Company.
2. The shareholders' meeting is requested to discuss and authorize the Board of Directors to establish a new cash distribution record date.
3. If there is a need to revise the dividend distribution rate due to changes in the number of outstanding shares as a result of changes in the Company's share capital, the shareholders' meeting shall be requested to authorize the Board of Directors or its delegated authority to deal with the matter in the sole discretion and to make a public announcement.

Resolution:

## **Extemporary Motions**

## **Adjournment**



# NAN JUEN INTERNATIONAL CO., LTD.

## 2023 Business Report

Looking back to last year, in 2023, due to the impact of end customers' continued destocking and the slowdown of capital expenditures by large US-based cloud service providers (CSPs), resulting in a decrease in consolidated operating revenue and operating income compared to the previous year, plus the devaluation of the US dollar resulted in net income of NT\$8.33 million.

Global inflation is expected to slow gradually this year. The overall US economy remains strong and resilient, with the rate-cutting cycle boosting private investment and consumer momentum. The destocking process among customers is expected to be completed, and favorable factors such as the gradual recovery of the CSP industry, the surge in demand for AI servers, and others will contribute to the expansion of our company's business size.

In recent years, the Company has continued to develop a variety of new products for server guide rails, with some of the new production lines being mass-produced to boost revenue. Product portfolio optimization helps to increase the overall average selling price (ASP), and the economics of production scale and automation production efficiency improve as well. This will help to reduce product manufacturing costs, and the overall product gross profit margin is expected to increase.

The Company is committed to the management philosophies of "Touching Management," "Happy Business," and "Putting people first for the better." The Company's operating principles are integrity, integrity, and innovation in order to create the most balanced value for society, employees, customers, and shareholders. we also devote to sustainable manufacturing measures that contribute to circulatory use of resources on earth. I would like to express my sincere gratitude to all customers, suppliers, shareholders, and all colleagues for their long-term support and care. Thank you!

**The company's income statements for two years and the consolidated income statements for two years are presented as follows:**

	The Company		Unit: NT\$ thousand The Company and consolidated subsidiaries	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Sales revenue	1,202,636	1,885,928	1,324,276	1,998,723
Cost of goods sold	992,123	1,537,443	1,085,424	1,636,480
Gross profit	210,513	348,485	238,852	362,243
Operating expenses	205,890	252,704	229,360	277,396
Net operating profit	5,499	94,308	9,492	84,847
Non-operating income (expenses)	(3,559)	78,089	(4,771)	87,550
Net gains (losses) before tax	1,940	172,397	4,721	172,397
Income Tax Expense (Benefit)	(6,388)	41,740	(3,607)	41,740
Net income (loss)	8,328	130,657	8,328	130,657

## **Independent Auditors' Report**

To: The Board of Directors of NAN JUEN INTERNATIONAL CO., LTD.

### **Audit Opinions**

We have reviewed the accompanying parent company only balance sheet of NAN JUEN INTERNATIONAL CO., LTD. as of December 31, 2023 and 2022, and the parent company only, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of NAN JUEN INTERNATIONAL CO., LTD. as of December 31, 2023 and 2022, its parent company only financial performance and cash flows for the years then ended.

### **Basis for the audit opinion**

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of NAN JUEN INTERNATIONAL CO., LTD.. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by us to be communicated on the audit report are as follows:

#### **I. Revenue recognition**

For the accounting policy regarding revenue recognition, please refer to the parent company only financial statements Note 4(13) Revenue recognition; for the description of revenue recognition, please refer to the parent company only financial statements Note 6(15) Revenue from contracts with customers.

#### **Description of Key Audit Matters:**

The main business of NAN JUEN INTERNATIONAL CO., LTD. is the research and

development, manufacturing, and trading of steel ball guide rails. Since operating revenue is one of the important items in the financial statements, and it is expected to be one of the concerns of financial statement users, therefore, the testing of revenue recognition is one of the important evaluation matters in our audit of the parent company only financial statements.

The corresponding audit procedures:

Our audit procedures for the key audit matters above include:

- Evaluate whether the accounting policy for revenue recognition conforms to the specifications of the relevant bulletins.
- Test the design and implementation of the internal control system related to revenue recognition.
- Analyze the changes in the top ten customers and compare them with the same period last year to determine whether there are any significant changes or abnormalities.
- A sample of sales transactions within a certain period before and after the financial reporting date are selected to verify that the revenue, transaction records and various certificates cover the appropriate period.
- Assess whether there are significant sales returns and discounts after the assessment period.

### **Responsibilities of the management level and the governing body for the parent company only financial statements**

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

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing body of the Company (including the Audit Committee) is responsible for supervising the financial reporting process.

### **Responsibilities of the Auditors for auditing the parent company only financial statements**

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are

considered material.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. For the financial information of the invested company under the equity method, obtain sufficient and appropriate evidence to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters

for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Heng-Shen Lin and Ming-Fang Hsu.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2024

**NAN JUEN INTERNATIONAL CO., LTD.**

**Balance Sheet**

**December 31, 2023 and 2022**

**Unit: NTD thousand**

<b>Assets</b>	<b>2023.12.31</b>		<b>2022.12.31</b>			<b>Liabilities and equity</b>	<b>2023.12.31</b>		<b>2022.12.31</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (Note VI(1))	\$ 384,551	11	335,007	10	2100	Current borrowings (Note VI(7))	\$ 418,690	12	253,230	7
1110 Current financial assets at fair value through profit or loss (Note VI(2))	392	-	11,655	-	2150	Notes payable	-	-	71	-
1150 Notes receivable, net (Note VI(3)(15))	3,597	-	3,339	-	2170	Accounts payable	97,336	3	110,125	3
1170 Accounts receivable, net (Note VI(3)(15))	269,098	8	257,147	7	2180	Accounts payable to related parties (Note VII)	38,241	1	38,920	1
1180 Accounts receivable due from related parties, net (Note VI(3) and VII)	2,491	-	19,833	1	2200	Other payables (Note VI(10))	94,535	3	109,584	3
1210 Other receivables due from related parties (Note VII)	7,959	-	7,364	-	2280	Current lease liabilities (Note VI(9) and Note VII)	10,520	-	16,080	-
1310 Current inventories (Note VI(4))	250,968	7	268,454	8	2230	Current tax liabilities (Note VI(11))	1,653	-	28,990	1
1410 Prepayments	6,164	-	5,198	-	2300	Other current liabilities	6,240	-	12,738	-
1470 Other current assets (Note VIII)	4,629	-	5,256	-	2322	Long-term borrowings-current portion (Note VI(8) and VIII)	142,109	4	165,831	5
<b>Total current assets</b>	<b>929,849</b>	<b>26</b>	<b>913,253</b>	<b>26</b>		<b>Total current liabilities</b>	<b>809,324</b>	<b>23</b>	<b>735,569</b>	<b>20</b>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>				
1550 Investments accounted for using equity method	25,029	1	14,732	-	2540	Non-current portion of non-current borrowings (Note VI(8) and VIII)	695,719	21	1,165,664	34
1600 Property, plant and equipment (Note VI(5) and VIII)	2,429,667	70	2,491,728	73	2570	Deferred income tax liabilities (Note VI(11))	-	-	2,331	-
1755 Right-of-use assets (Note VI(6))	44,472	2	16,057	-	2580	Non-current lease liabilities (Note VI(9) and Note VII)	35,696	1	536	-
1780 Intangible assets	6,925	-	6,638	-	2600	Other non-current liabilities	452	-	750	-
1900 Other non-current assets (Note VII)	6,569	-	7,590	-		<b>Total non-current liabilities</b>	<b>731,867</b>	<b>22</b>	<b>1,169,281</b>	<b>34</b>
1975 Non-current net defined benefit asset (Note VI(10))	24,127	1	26,127	1		<b>Total liabilities</b>	<b>1,541,191</b>	<b>45</b>	<b>1,904,850</b>	<b>54</b>
<b>Total non-current assets</b>	<b>2,536,789</b>	<b>74</b>	<b>2,562,872</b>	<b>74</b>		<b>Equity (Note VI(12)(13)):</b>				
					3110	Common stock	656,406	19	584,898	17
					3200	Capital surplus	706,056	20	366,203	11
					3310	Legal reserve	144,427	4	132,054	4
					3320	Special reserve	-	-	1,071	-
					3350	Unappropriated retained earnings	420,342	12	495,810	14
					3410	Exchange differences on translation of foreign financial statements	131	-	276	-
					3491	Other equity, unearned compensation	(1,915)	-	(9,037)	-
						<b>Total equity</b>	<b>1,925,447</b>	<b>55</b>	<b>1,571,275</b>	<b>46</b>
<b>Total assets</b>	<b>\$ 3,466,638</b>	<b>100</b>	<b>3,476,125</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 3,466,638</b>	<b>100</b>	<b>3,476,125</b>	<b>100</b>

(See accompanying notes to consolidated financial statements.)

**NAN JUEN INTERNATIONAL CO., LTD.**

**Comprehensive Income Statement**

**January 1 to December 31, 2023 and 2022**

		<b>Unit: NTD thousand</b>			
		<b>2023</b>		<b>2022</b>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note VI(15) and Note VII)</b>	\$ 1,202,636	100	1,885,928	100
5000	<b>Operating costs (Note VI(4)(10) and Note VII)</b>	(992,123)	(82)	(1,537,443)	(82)
	<b>Gross profit</b>	210,513	18	348,485	18
5910	Unrealized profit (loss) from sales	876	-	(1,473)	-
	<b>Gross operating profit, net</b>	211,389	18	347,012	18
	<b>Operating expense (Note VI(10)(13)(16) and Note VII):</b>				
6100	Selling expenses	(51,299)	(4)	(72,464)	(4)
6200	Administrative expenses	(114,936)	(10)	(133,881)	(7)
6300	Research and development expense	(42,382)	(4)	(40,525)	(2)
6450	Impairment loss determined in accordance with IFRS 9 (Note VI(3))	2,727	-	(5,834)	-
	<b>Total operating expense</b>	(205,890)	(18)	(252,704)	(13)
	<b>Net operating profit</b>	5,499	-	94,308	5
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note VI(17))	7,878	1	2,110	-
7010	Other income (Note VI(17))	16,040	1	11,560	1
7020	Other gains and losses (Note VI(2)(17))	(5,050)	-	96,362	5
7050	Finance costs (Note VI(17))	(24,344)	(2)	(24,225)	(1)
7070	Share of profit or loss of subsidiaries accounted for using equity method	1,917	-	(7,718)	-
	<b>Total non-operating income and expenses</b>	(3,559)	-	78,089	5
	<b>Net income before tax</b>	1,940	-	172,397	10
7950	<b>Less: Income tax expense (Note VI(11))</b>	(6,388)	(1)	41,740	2
	<b>Profit</b>	8,328	1	130,657	8
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note VI(10))	(2,306)	-	6,618	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified to profit or loss</b>	(2,306)	-	6,618	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(145)	-	1,347	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	(145)	-	1,347	-
8300	<b>Other comprehensive income</b>	(2,451)	-	7,965	-
8500	<b>Total comprehensive income</b>	<u>\$ 5,877</u>	<u>1</u>	<u>138,622</u>	<u>8</u>
	<b>Earnings per share (Note 6(14))</b>				
9750	<b>Basic earnings per share (NT\$)</b>	<u>\$ 0.13</u>		<u>2.26</u>	
9850	<b>Diluted earnings per share (NT\$)</b>	<u>\$ 0.13</u>		<u>2.25</u>	

(See accompanying notes to consolidated financial statements.)



**NAN JUEN INTERNATIONAL CO., LTD.**  
**Statement of Changes in Equity**  
**January 1 to December 31, 2023 and 2022**

Unit: NTD thousand

	Share Capital		Retained earnings			Exchange differences on translation of foreign financial statements	Other equity, unearned compensation	Total equity	
	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve				Unappropriated retained earnings
<b>Balance as of January 1, 2022</b>	\$ 524,940	45,389	210,323	123,232	854	420,068	(1,071)	(15,006)	1,308,729
Profit	-	-	-	-	-	130,657	-	-	130,657
Other comprehensive income	-	-	-	-	-	6,618	1,347	-	7,965
Total comprehensive income	-	-	-	-	-	137,275	1,347	-	138,622
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	8,822	-	(8,822)	-	-	-
Special reserve appropriated	-	-	-	-	217	(217)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(52,494)	-	-	(52,494)
Issue of shares	60,000	(45,389)	156,000	-	-	-	-	-	170,611
Share-based payment transactions	-	-	-	-	-	-	-	5,807	5,807
Expired new restricted stock award shares issued to employees	(42)	-	(120)	-	-	-	-	162	-
<b>Balance as of December 31, 2022</b>	584,898	-	366,203	132,054	1,071	495,810	276	(9,037)	1,571,275
Profit	-	-	-	-	-	8,328	-	-	8,328
Other comprehensive income	-	-	-	-	-	(2,306)	(145)	-	(2,451)
Total comprehensive income	-	-	-	-	-	6,022	(145)	-	5,877
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	12,373	-	(12,373)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(70,188)	-	-	(70,188)
Reversal of special reserve	-	-	-	-	(1,071)	1,071	-	-	-
Other changes in capital surplus:									
Issue of shares	73,200	-	339,647	-	-	-	-	-	412,847
Share-based payment transactions	-	-	5,072	-	-	-	-	564	5,636
Expired new restricted stock award shares issued to employees	(1,692)	-	(4,866)	-	-	-	-	6,558	-
<b>Balance as of December 31, 2023</b>	\$ 656,406	-	706,056	144,427	-	420,342	131	(1,915)	1,925,447

(See accompanying notes to consolidated financial statements.)

**NAN JUEN INTERNATIONAL CO., LTD.**

**Statement of Cash Flow**

**January 1 to December 31, 2023 and 2022**

**Unit: NTD thousand**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Income from continuing operations before income tax</b>	\$ 1,940	172,397
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	111,047	129,051
Amortization expense	3,958	3,817
Expected credit impairment loss	(2,727)	5,834
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	11,263	(14,618)
Interest expense	24,344	24,225
Interest income	(7,878)	(2,110)
Share-based payments	5,636	5,807
Share of (profit) loss of subsidiaries accounted for using equity method	(1,917)	7,718
Gain on disposal of property, plant and equipment	(149)	(219)
Property, plant and equipment transferred to expenses	1,161	2,255
Unrealized (loss) profit from sales	(876)	1,473
Total adjustments to reconcile profit (loss)	<u>143,862</u>	<u>163,233</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(258)	2,285
Decrease (increase) in accounts receivable	(9,224)	115,328
Decrease in accounts receivable - related parties	17,342	3,507
Decrease (increase) in other receivables due from related parties	(595)	2,194
Decrease in inventories	17,486	44,266
Decrease (increase) in other prepayments	(966)	16,678
Adjustments for increase in other current assets	779	10,120
Increase in net defined benefit asset	(306)	(13)
Total changes in operating assets	<u>24,258</u>	<u>194,365</u>
Changes in operating liabilities:		
Decrease in notes payable	(71)	-
Decrease in accounts payable	(12,789)	(78,209)
Decrease in accounts payable - related parties	(679)	(26,557)
Decrease in other payable	(15,049)	(4,666)
Adjustments for decrease in other current liabilities	(6,498)	(4,194)
Decrease in other non-current liabilities	(298)	-
Total changes in operating liabilities	<u>(35,384)</u>	<u>(113,626)</u>
Total changes in operating assets and liabilities	<u>(11,126)</u>	<u>80,739</u>
Total adjustments	<u>132,736</u>	<u>243,972</u>
Cash inflow generated from operations	134,676	416,369
Interest received	7,878	2,110
Interest paid	(24,344)	(24,225)
Income taxes paid	(23,280)	(24,029)
<b>Net cash flows from (used in) operating activities</b>	<u>94,930</u>	<u>370,225</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(7,649)	-
Acquisition of property, plant and equipment	(28,853)	(69,626)
Proceeds from disposal of property, plant and equipment	487	219
Increase in refundable deposits	1,021	(301)
Acquisition of intangible assets	(4,245)	(3,788)
Decrease (increase) in other financial assets	(152)	(345)
<b>Net cash flows from (used in) investing activities</b>	<u>(39,391)</u>	<u>(73,841)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease (increase) in short-term loans	165,460	(75,263)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from long-term debt	17,250	151,120
Repayments of long-term debt	(510,917)	(358,789)
Payments of lease liabilities	(20,447)	(23,801)
Cash dividends paid	(70,188)	(52,494)
Issue of shares	412,847	170,611
<b>Net cash flows from (used in) financing activities</b>	<u>(5,995)</u>	<u>(288,616)</u>
Net increase in cash and cash equivalents	49,544	7,768
Cash and cash equivalents at beginning of period	335,007	327,239
Cash and cash equivalents at end of period	<u>\$ 384,551</u>	<u>335,007</u>

(See accompanying notes to consolidated financial statements.)

## Independent Auditors' Report

To: The Board of Directors of NAN JUEN INTERNATIONAL CO., LTD.

### **Audit Opinions**

We have reviewed the accompanying consolidated balance sheet of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries as of December 31, 2023 and 2022, and the consolidated, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAN JUEN INTERNATIONAL CO., LTD. and its subsidiaries (hereinafter referred to as the “consolidated company”) as of December 31, 2023 and 2022, and the results of the consolidated operations and the consolidated cash flows for the years then ended in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission (FSC).

### **Basis for the audit opinion**

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by us to be communicated on the audit report are as follows:

#### **I. Revenue recognition**

Regarding the accounting policy for the revenue recognition, please refer to Note 4(13) of

the consolidated financial statements. For the description of revenue recognition, please refer to the revenue from contracts with customers in Note 6(15) of the consolidated financial statements.

**Description of Key Audit Matters:**

The main business of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries is the research and development, manufacturing, and trading of steel ball guide rails. Since operating revenue is one of the important items in the financial statements, and it is expected to be one of the concerns of financial statement users, therefore, the testing of revenue recognition is one of the important evaluation matters in our audit of the consolidated financial statements.

**The corresponding audit procedures:**

Our audit procedures for the key audit matters above include:

- Evaluate whether the accounting policy for revenue recognition conforms to the specifications of the relevant bulletins.
- Test the design and implementation of the internal control system related to revenue recognition.
- Analyze the changes in the top ten customers and compare them with the same period last year to determine whether there are any significant changes or abnormalities.
- A sample of sales transactions within a certain period before and after the financial reporting date are selected to verify that the revenue, transaction records and various certificates cover the appropriate period.
- Assess whether there are significant sales returns and discounts after the assessment period.

**Other matters**

NAN JUEN INTERNATIONAL CO., LTD. has additionally prepared its parent company only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified audit opinion.

**Responsibilities of the management level and the governing body for the consolidated financial statements**

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the consolidated company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the consolidated company or cease the operations without other viable alternatives.

The governing body of the consolidated company (including the Audit Committee) is responsible for supervising the financial reporting process.

## **Responsibilities of the Auditors for auditing the consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the consolidated company, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the consolidated company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the consolidated company's consolidated financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Heng-Shen Lin and Ming-Fang Hsu.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2024

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2023 and 2022**

**Unit: NTD thousand**

Assets		2023.12.31		2022.12.31		Liabilities and equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note VI(1))	\$ 404,345	12	362,404	11	2100	Current borrowings (Note VI(7) and VIII)	\$ 418,690	12	253,230	7
1110	Current financial assets at fair value through profit or loss Note VI(2))	9,697	-	21,353	1	2150	Notes payable	-	-	114	-
1150	Notes receivable, net (Note VI(3)(15))	3,597	-	3,339	-	2170	Accounts payable	98,278	3	110,785	3
1170	Accounts receivable, net (Note VI(3)(15))	293,020	8	276,557	8	2180	Accounts payable to related parties (Note VII)	62,985	2	74,111	2
1210	Other receivables due from related parties (Note VII)	-	-	441	-	2200	Other payables (Note VI(10))	95,629	3	110,646	3
1310	Current inventories (Note VI(4))	261,521	8	288,277	8	2230	Current tax liabilities (Note VI(11))	3,493	-	28,990	1
1410	Prepayments	6,418	-	6,967	-	2280	Current lease liabilities (Note VI(9) and Note VII)	11,221	-	16,080	-
1470	Other current assets (Note VIII)	5,309	-	5,718	-	2300	Other current liabilities	6,752	-	13,010	-
	<b>Total current assets</b>	<u>983,907</u>	<u>28</u>	<u>965,056</u>	<u>28</u>	2322	Long-term borrowings-current portion (Note VI(8) and VIII)	142,109	4	165,831	5
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<u>839,157</u>	<u>24</u>	<u>772,797</u>	<u>21</u>
1600	Property, plant and equipment (Note VI(5), VII and VIII)	2,429,812	70	2,491,885	71		<b>Non-current liabilities:</b>				
1755	Right-of-use assets (Note VI(6))	47,594	1	16,057	-	2540	Non-current portion of non-current borrowings (Note VI(8) and VIII)	695,719	20	1,165,664	34
1780	Intangible assets	6,925	-	6,638	-	2570	Deferred income tax liabilities (Note VI(11))	-	-	2,331	-
1900	Other non-current assets (Note VII)	6,569	-	7,590	-	2580	Non-current lease liabilities (Note VI(9) and Note VII)	38,159	1	536	-
1975	Non-current net defined benefit asset (Note VI(10))	24,127	1	26,127	1	2600	Other non-current liabilities	452	-	750	-
	<b>Total non-current assets</b>	<u>2,515,027</u>	<u>72</u>	<u>2,548,297</u>	<u>72</u>		<b>Total non-current liabilities</b>	<u>734,330</u>	<u>21</u>	<u>1,169,281</u>	<u>34</u>
							<b>Total liabilities</b>	<u>1,573,487</u>	<u>45</u>	<u>1,942,078</u>	<u>55</u>
							<b>Equity (Note VI(12)):</b>				
						3110	Common stock	656,406	19	584,898	17
						3200	Capital surplus	706,056	20	366,203	10
						3310	Legal reserve	144,427	4	132,054	4
						3320	Special reserve	-	-	1,071	-
						3350	Unappropriated retained earnings	420,342	12	495,810	14
						3410	Exchange differences on translation of foreign financial statements	131	-	276	-
						3491	Other equity, unearned compensation	(1,915)	-	(9,037)	-
							<b>Total equity</b>	<u>1,925,447</u>	<u>55</u>	<u>1,571,275</u>	<u>45</u>
<b>Total assets</b>		<u>\$ 3,498,934</u>	<u>100</u>	<u>3,513,353</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 3,498,934</u>	<u>100</u>	<u>3,513,353</u>	<u>100</u>

(See accompanying notes to consolidated financial statements.)

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**January 1 to December 31, 2023 and 2022**

**Unit: NTD thousand**

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note VI(15))</b>	\$ 1,324,276	100	1,998,723	100
5000	<b>Operating costs (Note VI(4) (9) (10), and Note VII)</b>	(1,085,424)	(82)	(1,636,480)	(82)
	<b>Gross profit</b>	238,852	18	362,243	18
	<b>Operating expense (Note VI(9)(10)(13)(16) and Note VII):</b>				
6100	Selling expenses	(69,477)	(5)	(90,288)	(5)
6200	Administrative expenses	(121,619)	(9)	(139,266)	(7)
6300	Research and development expense	(41,833)	(4)	(40,525)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note VI(3))	3,569	-	(7,317)	-
	<b>Total operating expense</b>	(229,360)	(18)	(277,396)	(14)
	<b>Net operating income (loss)</b>	9,492	-	84,847	4
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note VI(17))	7,903	1	2,168	-
7010	Other income (Note VI(17))	16,176	1	11,655	1
7020	Other gains and losses (Note VI(2)(17))	(4,440)	-	97,952	5
7050	Finance costs (Note VI(17))	(24,410)	(2)	(24,225)	(1)
	<b>Total non-operating income and expenses</b>	(4,771)	-	87,550	5
	<b>Net income before tax</b>	4,721	-	172,397	9
7951	<b>Less: Income tax expense (benefit) (Note VI(11))</b>	(3,607)	-	41,740	2
	<b>Profit</b>	8,328	-	130,657	7
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note VI(10))	(2,306)	-	6,618	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified to profit or loss</b>	(2,306)	-	6,618	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(145)	-	1,347	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	(145)	-	1,347	-
8300	<b>Other comprehensive income</b>	(2,451)	-	7,965	-
8500	<b>Total comprehensive income</b>	\$ 5,877	-	138,622	7
	<b>Net profit for the period attributable to:</b>				
8610	Owner of the parent company	\$ 8,328	-	130,657	7
	<b>Total comprehensive income attributable to:</b>				
8710	Owner of the parent company	\$ 5,877	-	138,622	7
	<b>Earnings per share (Note 6(14))</b>				
9750	<b>Basic earnings per share (NT\$)</b>	\$ 0.13		2.26	
9850	<b>Diluted earnings per share (NT\$)</b>	\$ 0.13		2.25	

(See accompanying notes to consolidated financial statements.)



**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to December 31, 2023 and 2022**

**Unit: NTD thousand**

	Equity attributable to owners of parent								Total equity
	Share Capital			Retained earnings			Exchange differences on translation of	Other equity, unearned	
	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements	compensation	
<b>Balance as of January 1, 2022</b>	\$ 524,940	45,389	210,323	123,232	854	420,068	(1,071)	(15,006)	1,308,729
Profit	-	-	-	-	-	130,657	-	-	130,657
Other comprehensive income	-	-	-	-	-	6,618	1,347	-	7,965
Total comprehensive income	-	-	-	-	-	137,275	1,347	-	138,622
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	8,822	-	(8,822)	-	-	-
Special reserve appropriated	-	-	-	-	217	(217)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(52,494)	-	-	(52,494)
Issue of shares	60,000	(45,389)	156,000	-	-	-	-	-	170,611
Share-based payment transactions	-	-	-	-	-	-	-	5,807	5,807
Expired new restricted stock award shares issued to employees	(42)	-	(120)	-	-	-	-	162	-
<b>Balance as of December 31, 2022</b>	<u>584,898</u>	<u>-</u>	<u>366,203</u>	<u>132,054</u>	<u>1,071</u>	<u>495,810</u>	<u>276</u>	<u>(9,037)</u>	<u>1,571,275</u>
Profit	-	-	-	-	-	8,328	-	-	8,328
Other comprehensive income	-	-	-	-	-	(2,306)	(145)	-	(2,451)
Total comprehensive income	-	-	-	-	-	6,022	(145)	-	5,877
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	12,373	-	(12,373)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(70,188)	-	-	(70,188)
Reversal of special reserve	-	-	-	-	(1,071)	1,071	-	-	-
Issue of shares	73,200	-	339,647	-	-	-	-	-	412,847
Share-based payment transactions	-	-	5,072	-	-	-	-	564	5,636
Expired new restricted stock award shares issued to employees	(1,692)	-	(4,866)	-	-	-	-	6,558	-
<b>Balance as of December 31, 2023</b>	<u>\$ 656,406</u>	<u>-</u>	<u>706,056</u>	<u>144,427</u>	<u>-</u>	<u>420,342</u>	<u>131</u>	<u>(1,915)</u>	<u>1,925,447</u>

(See accompanying notes to consolidated financial statements.)

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**

**Consolidated Statements of Cash Flows**  
**January 1 to December 31, 2023 and 2022**

**Unit: NTD thousand**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Income from continuing operations before income tax	\$ 4,721	172,397
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	111,828	129,059
Amortization expense	3,958	3,817
Expected credit loss (gain)	(3,569)	7,317
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	10,603	(14,618)
Interest expense	24,410	24,225
Interest income	(7,903)	(2,168)
Share-based payments	5,636	5,807
Gain on disposal of property, plan and equipment	(149)	(219)
Property, plan and equipment transferred to expenses	1,161	2,255
Total adjustments to reconcile profit (loss)	145,975	155,475
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	879	-
Decrease (increase) in notes receivable	(258)	2,285
Decrease (increase) in accounts receivable	(12,899)	140,028
Decrease in other receivables due from related parties	441	2,181
Decrease in inventories	26,756	41,231
Decrease in other prepayments	549	16,684
Adjustments for increase in other current assets	561	10,513
Increase in net defined benefit asset	(306)	(13)
Total changes in operating assets	15,723	212,909
Changes in operating liabilities:		
Increase (decrease) in notes payable	(114)	2
Decrease in accounts payable	(12,507)	(82,990)
Decrease in accounts payable - related parties	(11,126)	(36,707)
Decrease in other payable	(15,017)	(5,056)
Adjustments for increase (decrease) in other current liabilities	(6,258)	136
Decrease in other non-current liabilities	(298)	-
Total changes in operating liabilities	(45,320)	(124,615)
Total changes in operating assets and liabilities	(29,597)	88,294
Total adjustments	116,378	243,769
Cash inflow generated from operations	121,099	416,166
Interest received	7,903	2,168
Interest paid	(24,410)	(24,225)
Income taxes paid	(24,221)	(24,029)
<b>Net cash flows from (used in) operating activities</b>	<b>80,371</b>	<b>370,080</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(28,853)	(69,650)
Proceeds from disposal of property, plant and equipment	487	219
Decrease (increase) in refundable deposits	1,021	(300)
Acquisition of intangible assets	(4,245)	(3,788)
Increase in other financial assets	(152)	(345)
<b>Net cash flows from (used in) investing activities</b>	<b>(31,742)</b>	<b>(73,864)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease (increase) in short-term loans	165,460	(75,263)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from long-term debt	17,250	151,120
Repayments of long-term debt	(510,917)	(358,789)
Payments of lease liabilities	(21,174)	(23,801)
Cash dividends paid	(70,188)	(52,494)
Issue of shares	412,847	170,611
<b>Net cash flows from (used in) financing activities</b>	<b>(6,722)</b>	<b>(288,616)</b>
Effect of exchange rate changes on cash and cash equivalents	34	1,254
Net increase in cash and cash equivalents	41,941	8,854
Cash and cash equivalents at beginning of period	362,404	353,550
Cash and cash equivalents at end of period	<b>\$ 404,345</b>	<b>362,404</b>

**NAN JUEN INTERNATIONAL CO., LTD.**  
**Profit Distribution Table**  
**2023**

	Unit: NTD
Undistributed earnings at the beginning of the period	\$ 414,320,475
Add: remeasurement of defined benefit plan	( 2,306,620 )
Add: 2023 net profit after tax	<u>8,327,682</u>
Distributable earnings	<u>420,341,537</u>
Less: Recognized legal reserves	( 602,106 )
Distribution item:	
Cash dividend to shareholders (\$ 0.5 cash dividend per share)	<u>( 32,984,100 )</u>
Undistributed earnings at the end of the period	\$ <u>386,755,331</u>

The current cash dividends are calculated on a pro rata basis to the nearest dollar, and rounded down to the nearest dollar. The fractional amounts less than one dollar shall be classified in the Company's other revenues.

**Chairperson:**

**Manager:**

**Accounting Manager:**

## **Consent Report of Audit Committee**

The Audit Committee, with the resolution of the Board of Directors, approved the Company's 2023 parent company only financial statements, consolidated financial statements, business report and the distribution of earnings. The Company's 2023 parent company only and consolidated financial statements have been audited by KPMG Taiwan, appointed by the Board of Directors, and the firm has issued an unqualified auditor's report thereon.

The Company's 2023 parent company only financial statements, consolidated financial statements, business report, and the distribution of earnings, which were approved by the Audit Committee and resolved by the Board of Directors, all comply with relevant laws and regulations, and are being reported and presented in order to comply with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act as above.

Please review.

Sincerely,

2024 General Shareholders' Meeting of NAN JUEN INTERNATIONAL CO., LTD.

Audit Committee Convener: Shang-Hsien Yang  
March 15, 2024

**Articles of Incorporation**

**Chapter I General Provisions**

Article 1: The Company shall be incorporated in accordance with the Company Act, and its name shall be NAN JUEN INTERNATIONAL CO., LTD.

Article 2: The Company's business is as follows:

CA02010 Manufacture of Metal Structure and Architectural Components\*

CA02030 Screw, Nut and Rivet Manufacturing

CA02040 Spring Manufacturing

CA02070 Lock Manufacturing

CA02090 Metal Wire Products Manufacturing

CA02990 Other Metal Products Manufacturing

CB01990 Other Machinery Manufacturing

CC01080 Electronic Components Manufacturing

CD01030 Motor Vehicles and Parts Manufacturing

CD01040 Motorcycles and Parts Manufacturing

CN01010 Furniture and Decorations Manufacturing

CZ99990 Other Industrial Products Not Elsewhere Classified

F401010 International Trading

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has its head office in Taoyuan City, and may establish branches at home and abroad with the resolution of the Board of Directors if necessary.

Article 4: The public announcement method of the Company shall be handled in accordance with Article 28 of the Company Act.

**Chapter II Shares**

Article 5: The total capital of the Company is NTD 800 million, divided into 80 million shares, with a face value of NTD 10 per share. The Board of Directors is authorized to issue the unissued shares in installments when necessary.

Article 6: The share certificates of the Company shall all be in non-bearer form and shall be issued only after they have been signed and sealed by at least three directors, and duly certified pursuant to laws. After the public offering, the Company can be exempted from printing any share certificate for the newly issued shares, provided that the share certificates shall be recorded by a centralized securities depository enterprise.

Article 7: The Company's stock affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Article 8: The share transfer registration shall be suspended within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

**Chapter III Shareholders' Meeting**

Article 9: Shareholders' meetings of the Company are of two kinds: general shareholders' meetings and special shareholders' meetings. The general shareholders' meeting is called once per year within six months of the close of the fiscal year. Special shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

A notice to convene a general shareholders' meeting shall be given to each shareholder no later than 30

days. In case the Company intends to convene a shareholders' meeting, a meeting notice shall be given to each shareholders no later than 15 days.

Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and applicable laws, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

If a shareholder is unable to attend a shareholders' meeting for any reason, he or she may appoint a proxy to attend the shareholders' meeting in accordance with 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 11: The Company's shareholders have one voting right for each share held. However, those subject to the provisions of Article 179 of the Company Act shall not have any voting rights.

In accordance with the regulations of the competent authority, the Company shall include electronic means as one of the methods for exercising voting rights when convening shareholder meetings. Shareholders who exercise their voting rights electronically shall be deemed to be present in person, and their exercise of voting rights shall be conducted in accordance with relevant laws and regulations.

Article 12: The chairperson of the Board of Directors shall serve as the chair of the shareholders' meeting. In case the chairperson of the Board of Directors is on leave or absent or can not exercise his/her power and authority for any cause, the chairperson of the board of directors shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson of the Board of Directors. Whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chair of that meeting provided, however, that if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

#### **Chapter IV Directors and Audit Committee**

Article 13: The Company shall have seven to nine directors. The number of directors shall be determined by the board of directors, with a term of office of three years, and a candidate nomination system shall be adopted. The shareholders' meeting shall elect the directors from among the persons with disposing capacity, and they shall be eligible for re-election. Directors are elected in accordance with the Company's Regulations Governing Election of Directors.

After the Company's shares are publicly offered, the shareholdings of all directors shall be governed by the regulations of the competent authority in charge of securities affairs.

Article 14: The Board of Directors shall be composed of Directors. The board of directors shall elect a chairperson of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect a vice chairperson of the board among the directors. The chairperson of the Board of Directors shall internally preside over the shareholders' meeting, and shall externally represent the company. Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of the Board of Directors shall be convened by the Chairperson of the Board of Directors. The meeting notice may be given in electronic form.

Article 15: In case the chairperson of the Board of Directors is on leave or absent or can not exercise his/her power and authority for any cause, the proxy procedures are subject to the provisions of Article 208 of the Company Act. Directors who participate in the meeting through video conference shall be deemed to have attended the meeting in person.

Article 16: The remuneration of all directors shall be determined by the Board of Directors. Regardless of the operating profit or loss, the remuneration shall be paid in accordance with the degree of participation in the operation of the Company and the value of the contribution, and by taking into account the general standards in the same industry.

Article 17: Unless otherwise provided by law, the resolution of the Board of Directors shall be approved by directors by a majority vote at a meeting attended by over half of the directors. If a director is unable to attend the board meeting for any reason, he or she may issue a proxy form to appoint another director to attend the

board meeting on his or her behalf in accordance with the law, but only one proxy may be appointed.

Article 18: The Company shall have at least three independent directors and adopt a candidate nomination system. The independent directors shall be elected by the shareholders' meeting from the list of independent director candidates. The independent directors' professional qualifications, shareholdings, concurrent Serving Restrictions, nomination and election methods, and other matters to be complied with shall be handled in accordance with the relevant regulations of the competent authorities. The Company may, with the consent of the Board of Directors, purchase liability insurance for all directors within the scope of their duties during their terms of office.

Article 18-1: The Audit Committee shall consist of all independent directors and shall consist of at least three members, and one of whom shall be the convenor. The exercise of such authority and related matters are governed by relevant laws and regulations and determined by the Board of Directors.

Article 19: The functions and powers of the Board of Directors are as follows:

1. Convene the shareholders' meeting and implement the resolutions.
2. Determine business plans.
3. Review and approve various articles and important contracts.
4. Approve the Company's significant property purchases and dispositions.
5. Determine key managers of the Company.
6. Compilation and review of budget, financial report and business report.
7. Preparation of proposals for capital increase or decrease, earnings distribution or loss make-up.
8. Decisions on other important matters.

#### **Chapter V Managers**

Article 20: The Company may have a number of managers, such as President and Vice Presidents. The appointment, dismissal and remuneration of such managers shall be handled in accordance with Article 29 of the Company Act.

#### **Chapter VI Accounting**

Article 21: December 31 of each year is the Company's financial statement date. The following financial statements are prepared annually and submitted for approval by the Audit Committee and resolution by the Board of Directors, and then submitted to the shareholders' meeting for recognition.

1. Business Report.
2. Financial statements;
3. The proposal of surplus earning distribution or loss off-setting.

Article 22: If there is profit in a year, the board of directors shall resolve to appropriate no less than 3% as employees' remuneration and no more than 3% as directors' remuneration. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. The employees' remuneration referred to in the preceding paragraph may be paid in the form of shares or cash, and the Board of Directors is authorized to make a resolution on this matter.

Article 23: If the Company makes a profit in its financial report, it shall first pay tax and make up for past losses, and then appropriate 10% as legal reserve, and shall appropriate or reverse special reserve in accordance with the laws or regulations or the requirements of the competent authorities. If there is still any distributable earnings, the accumulated undistributed earnings of the previous years shall be added up, and the Board of Directors shall prepare a proposal for the distribution of shareholders' dividends and submit it to the shareholders' meeting for resolution.

Article 24: The Company is currently in the growth stage. The needs for business expansion such as capital expenditures and working capital are taken into account, as well as the steady development of the Company's short, medium and long-term financial structure, while the focus is on the stability and growth of dividends. In accordance with the preceding Article, 20% or more of the distributable earnings as stated in the annual financial statements shall be set aside for dividend distribution. However, if the accumulated unappropriated earnings of prior years are less than 30% of the paid-in capital, the Company may propose not to distribute such earnings. When the Company distributes stock dividends

and cash dividends at the same time, the cash dividends shall not be less than 20% of the total dividends to shareholders for the year.

### **Chapter 7 Supplementary Provisions**

Article 25: The total amount of external equity investment of the Company is not restricted by Paragraph 1, Article 13 of the Company Act, and the Board of Directors is authorized to execute this matter.

Article 26: The Company may provide guarantees to external parties due to business needs.

Article 27: Regarding the Company's various employee remuneration systems, including employee treasury stocks, employee stock option certificates, employee bonuses, employee stock subscriptions, employee restricted stocks, etc., the recipient of the payment may include employees of parents or subsidiaries of the company meeting certain specific requirements, and the Board of Directors shall be authorized to resolve on these matters.

Article 28: Matters not covered in these Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 29: The Articles of Incorporation were established on May 14, 1984.

The first amendment was made on June 2, 1984.

The second amendment was made on June 27, 1987.

The third amendment was made on September 26, 1991.

The fourth amendment was made on November 26, 1994.

The fifth amendment was made on May 5, 2000.

The sixth amendment was made on September 22, 2000.

The seventh amendment was made on November 24, 2009.

The eighth amendment was made on June 11, 2010.

The ninth amendment was made on June 4, 2011.

The tenth amendment was made on June 30, 2014.

The eleventh amendment was made on June 27, 2015.

The twelfth amendment was made on March 18, 2016.

The thirteenth amendment was made on September 6, 2016.

The fourteenth amendment was made on June 24, 2019.

The fifteenth amendment was made on June 2, 2022.

The sixteenth amendment was made on June 2, 2023.

**Company name: NAN JUEN INTERNATIONAL CO., LTD.**

**Chairperson: LEE, CHIN-LAN**



**NAN JUEN INTERNATIONAL CO., LTD.**  
**Rules of Procedure for Shareholders' Meeting**

Appendix II

June 2, 2022

- 1 Purpose Approved by the Shareholders' Meeting  
To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- 2 Scope  
The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- 3 Authority and Responsibility  
President's office; stock affairs specialists
- 4 Definition of Terms
- 5 Task Description
  - 5.1 Convening shareholders meetings and shareholders meeting notices
    - 5.1.1 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
    - 5.1.2 The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for recognition, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System before 30 days before the date of a general shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the general shareholders' meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting handbooks and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbooks and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, as well as distributed on-site at the meeting place.
    - 5.1.3 The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
    - 5.1.4 Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under paragraph 1, Article 185 of the Company Act, Securities and Exchange Act Article 26-1, Article 43-6 and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
    - 5.1.5 Where the election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
    - 5.1.6 A shareholder holding one percent or more of the total number of issued shares may submit a proposal to the Company for consideration at a general shareholders' meeting, limited to one proposal per shareholder. Proposals containing more than one item will not be included in the agenda. If a shareholder's proposal falls under any subparagraph of Article 172-1, paragraph 4 of the Company Act, the board of directors may exclude it from the agenda. Additionally, shareholder proposals aimed at urging the company to enhance public interests or fulfill social responsibilities shall still be processed in accordance with the relevant provisions of Article 172-1 of the Company Act. Prior to the book closure date before a general shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
    - 5.1.7 Prior to the book closure date before a general shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
    - 5.1.8 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by

- proxy at the general shareholders' meeting and take part in the discussion of the proposal.
- 5.1.9 Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- 5.2 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- 5.2.1 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- 5.2.2 After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 5.3 Principles determining the time and place of a shareholders' meeting  
The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- 5.4 Preparation of documents such as the attendance book
- 5.4.1 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.
- 5.4.2 The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked, and a sufficient number of suitable personnel shall be assigned to handle the registrations.
- 5.4.3 Shareholders or their proxies (hereinafter referred to as "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents presented by shareholders beyond those showing eligibility to attend. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- 5.4.4 The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- 5.4.5 The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- 5.4.6 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. A juristic person being entrusted to attend a shareholders meeting may designate only one representative to represent it in the meeting.
- 5.5 The chair and non-voting participants of a shareholders meeting
- 5.5.1 In case the chairperson of the Board of Directors is on leave or absent or can not exercise his/her power and authority for any cause, the vice chairperson shall act on his/her behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his/her power and authority for any cause, the chairperson of the Board of Directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.
- 5.5.2 When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director who serves as chair.
- 5.5.3 It is advisable that shareholders meetings convened by the Board of Directors be chaired by the chairperson of the Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- 5.5.4 If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 5.5.5 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

- 5.6 Documentation of a shareholders meeting by audio or video
- 5.6.1 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
- 5.6.2 The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- 5.7 Attendance at shareholders' meetings shall be calculated based on the numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- 5.7.1 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.
- 5.7.2 If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
- 5.7.3 When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- 5.8 Discussion of proposals
- 5.8.1 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- 5.8.2 The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
- 5.8.3 The chair shall not adjourn the meeting without a resolution before the conclusion of the agenda of the preceding two paragraphs (including extraordinary motions); if the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board shall promptly assist the shareholders attending the meeting in accordance with the statutory procedures to The shareholders present at the meeting, with more than half of the voting rights, nominate one person to chair the meeting and continue the meeting.
- 5.8.4 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- 5.9 Shareholder speech
- 5.9.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- 5.9.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 5.9.3 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- 5.9.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- 5.9.5 When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- 5.9.6 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 5.10 Calculation of voting shares and recusal system
- 5.10.1 Voting at a shareholders' meeting shall be calculated based on the number of shares.
- 5.10.2 With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no

- voting rights shall not be calculated as part of the total number of issued shares.
- 5.10.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.
- 5.10.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 5.10.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- 5.11 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.
- 5.11.1 When this company convenes a shareholder meeting, it should adopt a method for shareholders to exercise their voting rights in writing or electronically. The procedure for exercising voting rights in writing or electronically should be stated in the notice convening the shareholder meeting. Shareholders who exercise their voting rights in writing or electronically are considered as being present at the shareholder meeting. However, regarding ad hoc motions and amendments to original proposals at the meeting, such actions are considered as abstentions; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
- 5.11.2 A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- 5.11.3 After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- 5.11.4 Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.
- 5.11.5 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which it will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 5.11.6 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders.
- 5.11.7 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record of the vote shall be made.
- 5.12 Election
- 5.12.1 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.
- 5.12.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- 5.13 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting, and a copy shall be distributed to each

shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

- 5.13.1 The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- 5.13.2 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.
- 5.14 Public disclosure
  - 5.14.1 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, and shall make an express disclosure of the same at the place of the shareholders meeting.
  - 5.14.2 If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- 5.15 Maintaining order at the meeting place
  - 5.15.1 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
  - 5.15.2 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
  - 5.15.3 At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
  - 5.15.4 When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- 5.16 Recess and resumption of a shareholders meeting
  - 5.16.1 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
  - 5.16.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
  - 5.16.3 A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

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

# NAN JUEN INTERNATIONAL CO., LTD.

## Shareholding of Directors

I. Number of shares in accordance with the shareholder register as of the date of share transfer suspension for the 2024 general shareholders meeting:

Job Title	Name	Number of shares held as of 2024.4.28	Shareholding ratio
Chairperson	He Ying Investment Co., Ltd. Representative: LEE, CHIN-LAN	8,840,525	13.37%
Director	He Ying Investment Co., Ltd. Representative: WU,HSIN-CHENG	8,840,525	13.37%
Director	Junyi Investment Co., Ltd. Representative: WU, JEN-SHAN	7,411,030	11.20%
Director	Junyi Investment Co., Ltd. Representative: WU,YI-SHAN	7,411,030	11.20%
Director	WU,KUEI-YING	-	-
Independent Director	LI,JUI-CHU	-	-
Independent Director	HUNG,TUNG-HSIUNG	-	-
Independent Director	YANG,SHANG-HSIEN	-	-
Independent Director	CHENG,TSUN	-	-

2. In accordance 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:

The total number of shares held by all directors of the Company shall not be less than 5,291,248 shares.

Information on proposals made by shareholders who own at least 1% of the Company's issued shares

1. According to Article 172-1 of the Company Act, shareholders who hold more than 1% of the total number of issued shares of the Company may submit proposals in writing to the Company's general shareholders' meeting of 2024. Proposal period: April 19, 2024 to April 29, 2024.
2. Proposals proposed by shareholders who hold more than 1% of the Company's issued shares for the general shareholders' meeting of 2024: None.