



2024

Hu Lane Associate Inc. Annual Shareholders Meeting Agenda Handbooks

Time : 9:00a.m. on Thursday, May 30,2024

Location : B1F, No.1, Ln.342, Fude 1st Rd.,
Xinzi Dist., New Taipei City



Committed to excellence and
Sustainable development never stops

Table of Contents

Chapter 1. Meeting procedures	- 1 -
Chapter 2. Agenda	- 2 -
Chapter 3. Reference and report.....	- 3 -
Chapter 4. Matters recognized	- 5 -
Chapter 5. Matters for discussion.....	- 7 -
Chapter 6. Extraordinary Motion	- 8 -
Chapter 7. Attachment.....	- 9 -
I. 2023 Business Report	- 9 -
II. Audit Committee's Report	- 13 -
III. 2023 Directors' and Independent Directors' Remunerations	- 14 -
IV. Issuance and execution of corporate bond.....	- 15 -
V. Auditor's Report, 2023 parent company only financial statements, and consolidated financial statements	- 16 -
VI. 2023 Earnings Appropriation Statement	- 39 -
Chapter 8. Appendix.....	- 40 -
I. Rules of Procedure for Shareholders' Meetings.....	- 40 -
II. Articles of Incorporation.....	- 43 -
III. Shareholding of all Directors	- 48 -

Chapter 1. Meeting procedures

- I. Announcement of the meeting
- II. Chairman's address
- III. Reference and report
- IV. Matters recognized
- V. Matters for discussion
- VI. Extraordinary Motion
- VII. Adjournment of the meeting

Chapter 2. Agenda

Mode: Physical meeting

Time: Thursday, May 30, 2024. At 9:00 a.m.

Location: B1, No. 1, Lane 342, Fude 1st Road, Xizhi District, New Taipei City

- I. Announcement of the meeting
- II. Chairman's address
- III. Reference and report
 - (I) Hu Lane Annual Report 2023
 - (II) Audit Committee's review of the 2023 financial statements.
 - (III) Report on the distribution of remuneration to employees and directors in 2023.
 - (IV) Report on the payment of remuneration to directors by the Company.
 - (V) Report on the Company's issuance of the 1st domestic unsecured convertible bond.
- IV. Matters recognized
 - (I) Recognition of the 2023 financial statements.
 - (II) Recognition of the 2023 earnings appropriation.
- V. Matters for discussion
 - (I) Cash distribution to shareholders from the capital surplus of Hu Lane.
 - (II) Surplus in 2023 converted into capital to issue new shares by Hu Lane.
- VI. Extraordinary Motion
- VII. Adjournment of the meeting

Chapter 3. Reference and report

Report 1: Proposed by the Board of Directors

Summary: The Company's 2023 business report is presented for verification.

Description: Please refer to Attachment 1 of this handbook, p . 9-12.

Report 2: Proposed by the Board of Directors

Summary: The 2023 financial statements reviewed by the Audit Committee, presented for verification.

Description: Please refer to Attachment 2 of this handbook, p. 13.

Report 3: Proposed by the Board of Directors

Summary: 2023 distribution of remuneration to employees and directors, presented for verification.

Description: The 2023 employees' and directors' remuneration has been approved by the Company's Board of Directors to allocate NTD\$43,727,170 as remuneration to employees and NTD\$11,075,000 as remuneration to directors, all of which will be paid in cash.

Report 4: Proposed by the Board of Directors

Summary: Report on the payment of remuneration to directors, presented for verification.

Description: I. According to Article 20 of the Company's Articles of Incorporation, if the Company has profit for the year (the so-called profit refers to the profit before tax less the distribution of employees' and directors' remuneration), it shall allocate no more than 1% as Remuneration to directors. Also, in accordance with Article 17 of the Company's Articles of Incorporation, the responsibilities, risks, time invested, attendance of functional committees, and travel expenses are paid.

II. Pursuant to the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members", which states that the directors' participation in the Company's operations and the value of their contributions shall be distributed in accordance with the weights given below, since all independent directors

serve on the Audit Committee and the Remuneration Committee Members of functional committees are responsible for participating in discussions and resolutions made at committee meetings, therefore their remuneration is higher than that of directors.

III. Regarding remuneration to Directors, including the remuneration policy and the details and amounts of individual remunerations, please refer to Attachment 3 of this Handbook, p. 14.

Report 5: Proposed by the Board of Directors

Summary: The Company issuance of the 1st domestic unsecured convertible bond.

Description: Please refer to Attachment 4 of this handbook, p. 15.

Chapter 4. Matters recognized

Report 1: Proposed by the Board of Directors

Summary: 2023 financial statements of the company, presented for recognition.

Description: I. The Company's 2023 business report, parent company only financial statements, and consolidated financial statements have been approved by the Company's Board of Directors. The parent company only financial statements and consolidated financial statements were completed after the examination of accountants Shih Chün-Hung and Lin Wang-Sheng of Deloitte Taiwan. The aforementioned business report, parent company only financial statements, and consolidated financial statements have been approved by the Board of Directors meeting and the Audit Committee has issued an audit report.

II. For the 2023 Business Report, Auditor's Report, parent company only financial statements, and Consolidated Financial Statements, please refer to Attachment 1 and Attachment 5 of this Handbook (p 9-12 and 16-38).

Resolution:

Report 2: Proposed by the Board of Directors

Summary: 2023 earnings appropriation of the company, presented for recognition.

Description: I. The Board of Directors has approved the Company's 2023 Earnings Appropriation Statement and the Audit Committee has issued an audit report. Please refer to Attachment 6, p. 39 of this Handbook for the 2023 Earnings Appropriation.

II. The Board of Directors shall be authorized to determine the ex-dividend date for the earnings appropriation and other related matters after the motion is approved by the Shareholders Annual General Meeting.

III. In the event that changes to the Company's share capital affect the total number of outstanding shares and result in changes to the shareholders' dividend rate, a proposal is to be submitted to the shareholders general meeting for authorization of the Board of Directors with full discretion.

Resolution:

Chapter 5. Matters for discussion

Report 1: Proposed by the Board of Directors

Summary: Proposal of cash distribution to shareholders from the capital surplus of the Company.

Description: I. The Company intends to appropriate NTD\$99,656,123 from the capital surplus derived from the surplus from the issuance of shares above the par value. For each share held as recorded in the shareholder register on the record date of issuance, NTD\$1 in cash will be distributed.

II. Cash distributed to the nearest NTD\$1, with portions below NTD\$1 being rounded down. Any portion of the cash distribution less than NTD\$1 is totaled and recognized as the Company's other income.

III. After the motion is approved in the shareholders general meeting, the Board of Directors is authorized to set the ex-dividend date.

IV. In the event that changes to the Company's share capital affect the total number of outstanding shares and result in changes to the shareholders' dividend rate, a proposal is to be submitted to the general shareholders' meeting for authorization of the Board of Directors with full discretion.

Resolution:

Report 2: Proposed by the Board of Directors

Summary: Surplus in 2023 converted into capital to issue new shares by Hu Lane, presented for discussion.

Description: I. To enrich the operational capital, the Company intends to distribute stock dividends of NTD\$24,914,030 from the 2023 earnings to shareholders and increase capital by issuing NTD\$2,491,403 ordinary shares, with a par value of NTD\$ 10.

II. This case will be approved by the General Shareholders' Meeting and submitted to the competent authority for approval. It is planned to request the General Shareholders' Meeting to authorize the board of directors to set record date and other related matters; for the issuance of new shares, the original shareholders will be allotted 25 shares for every

1,000 shares held in the shareholder register on the record date, any portions less than one share will have to be registered to make up to one share by the shareholder within five days from the book closure date, cash will be paid for the overdue share according to the par value (with portions below NTD\$1 being rounded down). Portions below 1 share shall be identified by the person designated by the chairman who is authorized by the board of directors and be proceeded with digital transfer. For those who receive shares through the depository transfer, the portions can be used to offset the depository fee.

- III. In the event that changes to the Company's share capital affect the total number of outstanding shares and result in changes to the shareholders' allotment, a proposal is to be submitted to the general shareholders meeting for authorization of the Board of Directors with full discretion.
- IV. The rights and obligations of the new shares issued are the same as those of the originally issued ordinary shares.
- V. If the relevant issuance details of this capital increase and the issuance of new shares need to be changed due to the requirements of the competent authority or actual circumstances, a proposal is to be submitted to the general shareholder's meeting for authorization of the Board of Directors with full discretion.

Resolution:

Chapter 6. Extraordinary Motion

The meeting is adjourned.

Chapter 7. Attachment

[Attachment 1]

I. 2023 Business Report

(I) 2023 Business Plan Execution Results and Profit/Loss Achieved

The Company's consolidated net revenue was NT\$7,330,811 thousand in 2023, an increase of 12.32% compared to 2022. In terms of profit, the consolidated net income before tax was NT\$1,204,528 thousand in 2023, an increase of 4.24% compared to 2022. The earnings per share increased to NT\$9.24 per share in 2023, an increase of 7.88% compared to 2022.

(II) Analysis of financial revenues, expenses, and profitability

1. Financial revenues and expenses:

Unit: NTD thousand	
Item	Amount
Operating revenue	NT\$7,330,811 thousand
Gross operating profit	NT\$2,349,025 thousand
Net operating profit	NT\$1,221,469 thousand
Non-operating income, net	(NT\$16,941 thousand)
Net income before tax	NT\$1,204,528 thousand
Current net profit	NT\$921,221 thousand
Earnings per share	NT\$9.24

Note: The data are sourced from the Company's 2023 consolidated financial statements.

2. Profitability analysis:

Unit: %, NTD		
Item		Percentage (%)
Return on assets		8.65%
Return on equity		15.86%
As a percentage of paid-in capital	Operating profit	122.57%
	Net income before tax	120.87%
Net profit margin		12.64%
Earnings per share (NT\$)		NT\$9.24

Note: The data are sourced from the Company's 2023 consolidated financial statements.

II. Summary of 2024 Business Plan

(I) Business policy

1. Build a people-oriented, respectful, caring, proactive, and sharing corporate culture.
2. Establish core corporate values of integrity, unity, sustainability, agility, innovation and excellence;
3. Communicate as equals with the world's leading car manufacturers and participate in solutions of innovative connection systems;
4. Strengthen the management team and establish a complete system of management and professional manpower for each business unit.
5. Implementation and promotion of corporate ESG towards the goal of improving environmental friendliness.

(II) Key production and marketing strategies

1. Sales policy

- (1) Sales and R&D collaboration on customer development;
- (2) Maintain and manage key customers;
- (3) Establish global brand image and enhance digital exposure;
- (4) Expand sales growth of existing customers;
- (5) Develop new customers of global markets;

2. Production policy

- (1) Optimize automated production processes;
- (2) Reduce carbon emissions in production processes;
- (3) Improve the activation of production equipment;
- (4) Reduce the cost of production;
- (5) Establish a data decision-making mechanism on production.

(III) Research and development

23 patents were pending in 2023 and 214 patents were granted. 107 sets of terminal molds, 351 sets of plastic molds, and 62 sets of rubber molds were newly developed. In response to the development of electric vehicles, smart vehicles, and autonomous driving, the research and development of high-speed and high-frequency connectors, high-current and high-voltage connectors, and PCB fuse boxes is an important direction for the Company's product development.

(IV) Sustainable Development (ESG)

1. The Sustainability Committee has been established. Independent directors serve as committee members and are responsible for formulating the direction of sustainable development. The Company has set a five-year (2023 – 2027) sustainable development strategic goal, and through the Sustainability Committee, promotes and tracks related sustainability projects. It is expected that with active carbon reduction actions and the Group's carbon control, the carbon emissions of products and absolute total carbon emissions can be reduced year by year.
2. The company completed the group's annual ISO14064-1 greenhouse gas inventory and external certification of 2022 in 2023, and also completed the ISO14067 carbon footprint inventory and external certification for four products, and introduced the ISO14001 environmental management system and ISO50001 energy management system . the group will carry out its 2023 ISO14064-1 inventory in 2024, aiming to reduce the group's carbon emission by 10%. ISO14067 product carbon footprints will be continuously inspected. Five products are expected to be inspected and verified by a third party.
3. The Company attaches great importance to the future development of ESG, cooperates with external consultants, interacts with stakeholders, obtains important suggestions from stakeholders, and has completed the sustainability report for 2023, which is expected to obtain external certification in June 2024.
4. In response to the continuous improvement and optimization of information security, the Company is expected to obtain the ISO27001 certificate by the end of 2024.

Hu Lane looks forward to a consensus on emphasizing sustainable development, the corresponding strategies and goals under the group's six corporate values. The six major sustainable development strategies are: "Sustainable Responsible Procurement", "Green Product Innovation", "Recycling Economy", "Low Carbon Manufacturing Transformation", "Achieving Employee Mission", and "Happy and Friendly Working Environment". Hu Lane set clear short, medium, and long-term goals to promise sustainable future. With commitment, the Company begins the key actions and continues to review and promote the actions with the Sustainability Committee.

III. Appraisal and Expectation

Mainland China's automobile production and sales in 2022 were 27.02 million and 26.86 million, with an increase of 3.4% and 2.1% respectively from 2021. It is expected that the ease of the pandemic lockdown, the recovery of the economy, and purchasing power in 2023 could benefit the demand for new energy vehicles, and the production and sales of automobiles are expected to increase. The technology jointly developed by Hu Lane and the international leading component manufacturers deployed in other regions can also expand the company's operating market and make Hu Lane an internationally renowned brand.

I would like to thank all directors and shareholders for their support and the efforts of all employees to keep Hu Lien operating at a steady pace. Under the leadership of Chairman Zhang, we work as a team with the management team and employees to continue to pursue the best interests of shareholders, employees, customers, suppliers and communities, so as to live up to the trust of the stakeholders.

Dear Shareholders,

All wishes come true.

Person in charge: Chang Tzu-Hsiung President: Hu Sheng-Ching Accounting Supervisor: Chang Chia-Chi



[Attachment 2]

Hu Lane Associate Inc.
Audit Committee's Report

It is hereby approved:

The Board of Directors submitted the Company's 2023 business report, parent company only financial statements, and consolidated financial statements, which have been audited by Shih Chün-Hung and Lin Wang-Sheng, CPAs of Deloitte Taiwan. Upon completion of the audit, the Audit Committee concluded that no non-conformities were found, and accordingly the Company hereby issues the above report for review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2024 General Shareholders' Meeting of Hu Lane Associate Inc.

Audit Committee Convener: Chang Hsüeh-Chih

April 12, 2024

[Attachment 3]

2023 Directors' and Independent Directors' Remunerations

Unit: NTD

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and their percentage in net income after tax		Remuneration for part-time employees								Sum of A, B, C, D, E, F, and G and their percentage in net income after tax Note 1 & 2		Remuneration received from invested businesses other than subsidiaries or from the parent company		
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Operational expenses (D)				Salaries, bonuses, and special allowances (E)		Severance pay and pension (F)		Employee remuneration (G)								
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
																		Cash amount	Amount of shares	Cash amount	Amount of shares			
Chairman	Chang Tzu-Hsiung	4,335,251	4,335,251	-	-	1,444,564	1,444,564	4,507,843	4,507,843	10,287,658 1.12%	10,287,658 1.12%	-	-	-	-	-	-	-	-	-	-	10,287,658 1.12%	10,287,658 1.12%	None
General Director	Hu Sheng-Ching	-	-	-	-	1,444,565	1,444,565	120,000	120,000	1,564,565 0.17%	1,564,565 0.17%	8,389,697	8,389,697	-	-	-	-	-	-	-	-	9,954,262 1.08%	9,954,262 1.08%	None
General Director	Liu Chun-Hsiang	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	-	-	-	-	-	-	-	-	-	-	1,083,044 0.12%	1,083,044 0.12%	None
General Director	Chang Ping-Chun	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	2,430,866	2,430,866	-	-	1,337,511	-	1,337,511	-	-	4,851,421 0.53%	4,851,421 0.53%	None	
General Director	Hu Shao-Ju	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	-	-	-	-	-	-	-	-	-	-	1,083,044 0.12%	1,083,044 0.12%	None
General Director (Note 3)	Chan Yi-Min	-	-	-	-	445,902	445,902	60,000	60,000	505,902 0.05%	505,902 0.05%	-	-	-	-	-	-	-	-	-	-	505,902 0.05%	505,902 0.05%	None
Independent Director	Chang Shyueh-Chih	-	-	-	-	1,444,565	1,444,565	145,000	145,000	1,589,565 0.17%	1,589,565 0.17%	-	-	-	-	-	-	-	-	-	-	1,589,565 0.17%	1,589,565 0.17%	None
Independent Director	Lin, Chan-Lieh	-	-	-	-	1,444,565	1,444,565	145,000	145,000	1,589,565 0.17%	1,589,565 0.17%	-	-	-	-	-	-	-	-	-	-	1,589,565 0.17%	1,589,565 0.17%	None
Independent Director	Tai Chia-Wei	-	-	-	-	775,712	775,712	60,000	60,000	835,712 0.09%	835,712 0.09%	-	-	-	-	-	-	-	-	-	-	835,712 0.09%	835,712 0.09%	None
General Director (Note 4)	Lin Yuan-Li	-	-	-	-	1,185,995	1,185,995	145,000	145,000	1,330,995 0.14%	1,330,995 0.14%	-	-	-	-	-	-	-	-	-	-	1,330,995 0.14%	1,330,995 0.14%	None
Total		4,335,251	4,335,251	-	-	11,075,000	11,075,000	5,542,843	5,542,843	20,953,094 2.27%	20,953,094 2.27%	10,820,563	10,820,563	-	-	1,337,511	-	1,337,511	-	-	33,111,168 3.59%	33,111,168 3.59%	None	
Note 1. The remuneration policy, system, standards, and structure of Hu Lane's directors and independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks, investment time, and other factors: 1. Pursuant to Article 20 of the Company's Articles of Incorporation, the Company shall allocate no more than 1% of the annual profit (the profit before tax is the profit before the distribution of employees' and directors' remuneration), and shall allocate no more than 1% thereof as directors' remuneration. In addition, in accordance with Article 17 of the Company's Articles of Incorporation, the Company shall pay for the responsibilities, risks, and time investment, and the Functional Committee shall pay for the travel expenses. 2. In accordance with the Company's Measures for Payment of Remuneration of the Directors and Functional Committees, the directors shall be entitled to the remuneration allocation depending on their participation and contribution in the Company's operation, by taking into account the following weighting results. As all independent directors serve to the Audit Committee, and the Remuneration Committee and other functional committees, and shall have the duty to participate in discussion and resolutions at the committee meeting. Thus, their remuneration is higher than the general directors.																								
Note 2. In addition to what is disclosed in the above table, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as non-employee consultants for the parent company/all companies in the financial report/reinvested enterprises, etc.) in the most recent year: None.																								

[Attachment 4]

Hu Lane Associate Inc.
Issuance and execution of corporate bond

Types of corporate bonds	The 1st domestic unsecured convertible bond.
Date of the board of directors resolution	March 24, 2023
Financial Supervisory Commission Approval Number	No. 1120339981 issued by the Financial Supervision Commission on May 8, 2023
Issuing Date	June 14, 2023
Denomination	NT\$100,000
Issue Price	Issued at 108.61% of par value
Issue Amount	Issue Amount: NT\$1,500,000,000 Total Raised: NT\$1,629,088,400
Interest Rate	Coupon Rate 0%
Bond Period	5 Years; June 14, 2028 as the Maturity Date
Trustee	Bank Sinopac Co., Ltd.
Underwriter	SinoPac Securities
Mode of Satisfaction	The company shall redeem the convertible corporate bonds in cash at maturity according to the par value of the bonds held by the bondholders, except for cases where the bondholders convert them into ordinary shares of the company pursuant to Article 10, or where the company redeems them prematurely pursuant to Article 18, or exercises the right of sale-back pursuant to Article 19, or the company repurchases and cancels them through the securities firms.
The purpose of raising is the anticipated benefits it will generate.	The total raised amount is used to repay bank loans, reduce financial burden, enhance debt repayment capability, strengthen financial structure, and benefit the overall operational development.
The issuance and conversion methods, issuance conditions that may cause possible dilution of equity and impact the existing shareholders' equity.	This issuance of convertible bonds amounts to NT\$1.5 billion, with a conversion price of NT\$146.5 per share at the time of issuance. The maximum number of ordinary shares convertible is approximately 10,239,000 shares. Based on the total outstanding shares of the company at the time of issuance, which was 99,655,000 shares, the maximum dilution of equity is approximately 9.32%. Regarding shareholder equity, with the conversion of corporate bonds into the company's ordinary shares, it not only reduces liabilities but also enhances shareholder equity, thereby increasing net value per share. Thus, in the long run, the shareholder's equity is better safeguarded.
Outstanding Principal	NT\$1,499,800,000
The number of ordinary shares converted.	1,416 shares
Latest conversion price	NT\$141.2

[Attachment 5]

Auditor's Report, 2023 parent company only financial statements, and consolidated financial statements

Hu Lane Associate Inc.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hu Lane Associate Inc.

Opinion

We have audited the accompanying financial statements of Hu Lane Associate Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Revenue

For the year ended December 31, 2022, the operating revenue amounted to \$2,671,927 thousand. Some single customers contributed more to the Company's revenue amounted to NT\$1,283,079 thousand. The operating revenue derived from some major customers amounted to \$281,593 thousand. Since some single customers contributed more to the Company's operating revenue and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter.

Refer to Note 4 to the Company's financial statements for the accounting policy of revenue recognition.

Our audit procedures performed to verify the occurrence of revenue in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and tested the operating effectiveness of the relevant internal controls.
2. We sampled the transaction documents and the bank collection records, and checked whether the recipients of the products were the same as the counterparties of the transactions.

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

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

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

Those charged with governance (including the supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jiun-hung Shih and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

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

HU LANE ASSOCIATE INC

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 279,550	3	\$ 128,222	1
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 24)	99,139	1	443	-
Notes receivable (Notes 4, 8 and 26)	41,521	1	44,510	1
Trade receivables from unrelated parties (Notes 4 and 8)	247,877	3	267,416	3
Trade receivables from related parties (Note 25)	1,519,001	16	965,702	11
Other receivables from unrelated parties	9,583	-	16,641	-
Other receivables from related parties (Note 25)	277,237	3	328,919	4
Current tax assets (Notes 4 and 20)	28,782	-	22,242	-
Inventories (Notes 4 and 9)	271,401	3	242,735	3
Other current assets	8,386	-	56,318	1
Total current assets	<u>2,782,477</u>	<u>30</u>	<u>2,073,148</u>	<u>24</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 10)	4,083,078	44	4,295,872	49
Property, plant and equipment (Notes 4, 11 and 26)	2,271,660	25	2,213,228	26
Right-of-use assets (Notes 4 and 12)	12,823	-	12,773	-
Investment properties (Note 4)	2,486	-	2,490	-
Intangible assets (Note 4)	10,506	-	6,329	-
Deferred tax assets (Notes 4 and 20)	55,472	1	33,726	-
Other non-current assets	36,693	-	51,838	1
Total non-current assets	<u>6,472,718</u>	<u>70</u>	<u>6,616,256</u>	<u>76</u>
TOTAL	<u>\$ 9,255,195</u>	<u>100</u>	<u>\$ 8,689,404</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 13 and 26)	\$ 770,000	8	\$ 2,111,000	24
Financial liabilities at fair value through profit or loss - current (Note 7)	2,400	-	-	-
Notes payable	27,810	-	26,111	1
Trade payables to unrelated parties	223,553	2	185,205	2
Trade payables to related parties (Note 25)	163,974	2	280,410	3
Other payables to unrelated parties (Note 15)	225,845	3	244,053	3
Other payables to related parties (Note 25)	1,070	-	9,103	-
Current tax liabilities (Notes 4 and 20)	175,312	2	68,660	1
Finance lease payables - current (Notes 4 and 12)	6,632	-	4,852	-
Other current liabilities	15,442	-	16,956	-
Total current liabilities	<u>1,612,038</u>	<u>17</u>	<u>2,946,350</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 14 and 24)	1,385,635	15	-	-
Deferred tax liabilities (Notes 4 and 20)	150,799	2	153,012	2
Finance lease payables - non-current (Notes 4 and 12)	6,405	-	8,114	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	33,076	-	28,676	-
Other non-current liabilities	20	-	20	-
Total non-current liabilities	<u>1,575,935</u>	<u>17</u>	<u>189,822</u>	<u>2</u>
Total liabilities	<u>3,187,973</u>	<u>34</u>	<u>3,136,172</u>	<u>36</u>
EQUITY (Notes 4 and 17)				
Share capital				
Ordinary shares	996,554	11	996,547	12
Capital surplus	1,088,799	12	934,183	11
Retained earnings				
Legal reserve	996,547	11	949,240	11
Special reserve	201,083	2	263,672	3
Unappropriated earnings	3,025,729	33	2,550,756	29
Total retained earnings	4,223,359	46	3,763,668	43
Other equity	(241,490)	(3)	(141,166)	(2)
Total equity	<u>6,067,222</u>	<u>66</u>	<u>5,553,232</u>	<u>64</u>
TOTAL	<u>\$ 9,255,195</u>	<u>100</u>	<u>\$ 8,689,404</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

HU LANE ASSOCIATE INC

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)	\$ 2,887,430	100	\$ 2,671,927	100
OPERATING COSTS (Notes 9, 19 and 25)	<u>1,860,613</u>	<u>64</u>	<u>1,969,797</u>	<u>74</u>
GROSS PROFIT	1,026,817	36	702,130	26
(UNREALIZED) REALIZED GAIN WITH SUBSIDIARIES (Notes 4 and 25)	<u>(82,578)</u>	<u>(3)</u>	<u>(3,627)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>944,239</u>	<u>33</u>	<u>698,503</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 8, 19 and 25)				
Selling and marketing expenses	108,244	4	98,147	4
General and administrative expenses	189,788	7	186,170	7
Research and development expenses	117,529	4	81,962	3
Expected credit loss	<u>2,098</u>	<u>-</u>	<u>902</u>	<u>-</u>
Total operating expenses	<u>417,659</u>	<u>15</u>	<u>367,181</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>526,580</u>	<u>18</u>	<u>331,322</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 19)	1,418	-	338	-
Other income (Notes 19 and 25)	148,103	5	140,542	5
Other gains and losses (Note 19)	(10,918)	-	57,308	2
Finance costs (Note 4)	(34,876)	(1)	(16,590)	-
Share of profit of subsidiaries and associates (Note 4)	<u>525,260</u>	<u>18</u>	<u>580,678</u>	<u>22</u>
Total non-operating income and expenses	<u>628,987</u>	<u>22</u>	<u>762,276</u>	<u>29</u>
PROFIT BEFORE INCOME TAX	1,155,567	40	1,093,598	41
INCOME TAX EXPENSE (Notes 4 and 20)	<u>234,346</u>	<u>8</u>	<u>93,697</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>921,221</u>	<u>32</u>	<u>999,901</u>	<u>37</u>

(Continued)

HU LANE ASSOCIATE INC

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
(Notes 4, 16 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (4,310)	-	\$ 5,026	-
Share of other comprehensive income (loss) of subsidiaries and associates	1,754	-	(1,424)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>862</u>	<u>-</u>	<u>(1,005)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(1,694)</u>	<u>-</u>	<u>2,597</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(482)	-	1,708	-
Share of other comprehensive (loss) income of subsidiaries and associates	<u>(103,996)</u>	<u>(4)</u>	<u>62,305</u>	<u>3</u>
Total items that may be reclassified subsequently to profit or loss	<u>(104,478)</u>	<u>(4)</u>	<u>64,013</u>	<u>3</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(106,172)</u>	<u>(4)</u>	<u>66,610</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 815,049</u>	<u>28</u>	<u>\$ 1,066,511</u>	<u>40</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 9.24</u>		<u>\$ 10.03</u>	
Diluted	<u>\$ 9.04</u>		<u>\$ 10.00</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

HU LANE ASSOCIATE INC

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 996,547	\$ 1,033,837	\$ 871,116	\$ 262,423	\$ 2,024,826	\$ (203,755)	\$ -	\$ 4,984,994
Appropriation of 2021 earnings								
Legal reserve	-	-	78,124	-	(78,124)	-	-	-
Special reserve	-	-	-	1,249	(1,249)	-	-	-
Cash dividends	-	-	-	-	(398,619)	-	-	(398,619)
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)
Net profit for the year ended December 31, 2022	-	-	-	-	999,901	-	-	999,901
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	4,021	64,013	(1,424)	66,610
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,003,922	64,013	(1,424)	1,066,511
BALANCE AT DECEMBER 31, 2022	996,547	934,183	949,240	263,672	2,550,756	(139,742)	(1,424)	5,553,232
Appropriation of 2022 earnings								
Legal reserve	-	-	47,307	-	(47,307)	-	-	-
Special reserve	-	-	-	(62,589)	62,589	-	-	-
Cash dividends	-	-	-	-	(458,412)	-	-	(458,412)
Changes in percentage of ownership interests in subsidiaries	-	2,610	-	-	-	2,730	-	5,340
Equity component of convertible bonds issued by the Company	-	251,575	-	-	-	-	-	251,575
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)
Convertible bonds converted to ordinary shares	7	85	-	-	-	-	-	92
Net profit for the year ended December 31, 2023	-	-	-	-	921,221	-	-	921,221
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,448)	(104,478)	1,754	(106,172)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	917,773	(104,478)	1,754	815,049
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	330	-	(330)	-
BALANCE AT DECEMBER 31, 2023	\$ 996,554	\$ 1,088,799	\$ 996,547	\$ 201,083	\$ 3,025,729	\$ (241,490)	\$ -	\$ 6,067,222

The accompanying notes are an integral part of the financial statements.

HU LANE ASSOCIATE INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,155,567	\$ 1,093,598
Adjustments for:		
Depreciation expenses	115,801	82,164
Amortization expenses	19,598	11,794
Expected credit loss recognized	2,098	902
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	(10,498)	83
Finance costs	34,876	16,590
Interest income	(1,418)	(338)
Dividend income	(2,826)	(31)
Share of profit of subsidiaries and associates	(525,260)	(580,678)
Gain on disposal of property, plant and equipment	(5,153)	(512)
Gain on lease modifications	(43)	(6)
Reversal of write-downs of inventories	(3,313)	(3,014)
Unrealized gain (loss) on transactions with subsidiaries	82,578	3,627
Gain from bargain purchase	-	(15,341)
Changes in operating assets and liabilities		
Notes receivable	4,343	6,398
Trade receivables from unrelated parties	47,490	(26,463)
Trade receivables from related parties	(553,158)	(288,554)
Other receivables from unrelated parties	7,211	(4,139)
Other receivables from related parties	51,682	(124,993)
Inventories	(13,585)	57,755
Other current assets	35,835	(19,914)
Other non-current assets	4,583	8,364
Notes payable	1,699	23,185
Trade payables from unrelated parties	26,047	2,266
Trade payables from related parties	(116,436)	55,088
Other payables from unrelated parties	61,405	29,878
Other payables from related parties	(8,033)	(213,740)
Other current liabilities	(29,208)	(9,894)
Net defined benefit liability	90	(95)
Cash generated from operations	381,972	103,980
Interest received	1,418	338
Interest paid	(20,294)	(15,206)
Income tax received	5,557	-
Income tax paid	(123,909)	(98,682)
Net cash generated from (used in) operating activities	244,744	(9,570)

(Continued)

HU LANE ASSOCIATE INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	\$ (79,100)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss	7,575	-
Investments accounted for using the equity method	(14,689)	(16,608)
Payments for acquisition of subsidiary	-	(154,892)
Payments for property, plant and equipment	(225,317)	(285,763)
Proceeds from disposal of property, plant and equipment	23,744	33,397
Increase in refundable deposits	(1,665)	(674)
Payments for intangible assets	(8,880)	(5,430)
Cash inflow on combination	12,972	-
Dividends received	<u>471,175</u>	<u>31</u>
Net cash generated from (used in) investing activities	<u>185,815</u>	<u>(429,939)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	911,000
Repayment of short-term borrowings	(1,341,000)	-
Proceeds from issuance of bonds	1,623,855	-
Repayment of the principal portion of lease liabilities	(6,480)	(3,937)
Dividends paid to owners of the Company	(558,066)	(498,273)
Payment of ownership interests in subsidiaries	<u>-</u>	<u>(133,740)</u>
Net cash (used in) generated from financing activities	<u>(281,691)</u>	<u>275,050</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,460</u>	<u>(23,047)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,328	(187,506)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>128,222</u>	<u>315,728</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 279,550</u>	<u>\$ 128,222</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

Hu Lane Associate Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

HU LANE ASSOCIATE INC.

By

March 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hu Lane Associate Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hu Lane Associate Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Revenue

For the year ended December 31, 2023, the consolidated operating revenue amounted to NT\$7,330,811 thousand. The operating revenue derived from some major customers amounted to NT\$2,580,458 thousand. Since some single customers contributed more to the Group's operating revenue and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter.

Refer to Note 4 to the Group's consolidated financial statements for the accounting policy of revenue recognition.

Our audit procedures performed to verify the occurrence of revenue in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and tested the operating effectiveness of the relevant internal controls.
2. We sampled the transaction documents and the bank collection records, and checked whether the recipients of the products were the same as the counterparties of the transactions.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jiun-hung Shih and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 996,481	9	\$ 966,258	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	99,139	1	17,269	-
Financial assets at amortized cost (Notes 4 and 9)	-	-	178,118	2
Notes receivable (Notes 4, 10, 27 and 29)	1,287,739	11	743,247	7
Trade receivables from unrelated parties (Notes 4 and 10)	2,129,805	18	2,155,832	20
Trade receivables from related parties (Note 28)	92,083	1	39,730	-
Other receivables	29,445	-	25,339	-
Current tax assets (Notes 4 and 23)	42,342	-	28,754	-
Inventories (Notes 4 and 11)	1,732,547	15	1,820,475	17
Other current assets	<u>239,359</u>	<u>2</u>	<u>342,183</u>	<u>3</u>
Total current assets	<u>6,648,940</u>	<u>57</u>	<u>6,317,205</u>	<u>58</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	-	-	6,784	-
Investments accounted for using the equity method (Notes 4 and 13)	13,783	-	12,529	-
Property, plant and equipment (Notes 4, 14 and 29)	4,457,102	38	4,076,970	37
Right-of-use assets (Notes 4 and 15)	176,562	2	257,580	2
Investment properties (Note 4)	2,486	-	2,490	-
Other intangible assets (Note 4)	49,111	-	42,838	1
Deferred tax assets (Notes 4 and 23)	55,472	1	42,736	-
Other non-current assets	<u>184,457</u>	<u>2</u>	<u>213,074</u>	<u>2</u>
Total non-current assets	<u>4,938,973</u>	<u>43</u>	<u>4,655,001</u>	<u>42</u>
TOTAL	<u>\$ 11,587,913</u>	<u>100</u>	<u>\$ 10,972,206</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 29)	\$ 1,634,067	14	\$ 2,752,578	25
Financial liabilities at fair value through profit or loss - current (Note 7)	2,400	-	-	-
Notes payable	27,810	-	26,220	-
Trade payables to unrelated parties	1,099,268	10	1,171,023	11
Other payables to unrelated parties (Notes 18 and 27)	632,997	5	722,908	6
Current tax liabilities (Notes 4 and 23)	194,898	2	80,196	1
Finance lease payables - current (Notes 4 and 15)	33,027	-	20,237	-
Other current liabilities	<u>66,300</u>	<u>1</u>	<u>112,649</u>	<u>1</u>
Total current liabilities	<u>3,690,767</u>	<u>32</u>	<u>4,885,811</u>	<u>44</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 17 and 27)	1,385,635	12	-	-
Deferred tax liabilities (Notes 4 and 23)	267,453	2	294,481	3
Finance lease payables - non-current (Notes 4 and 15)	93,687	1	181,776	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	33,076	-	28,676	-
Other non-current liabilities	<u>7,063</u>	<u>-</u>	<u>6,807</u>	<u>-</u>
Total non-current liabilities	<u>1,786,914</u>	<u>15</u>	<u>511,740</u>	<u>5</u>
Total liabilities	<u>5,477,681</u>	<u>47</u>	<u>5,397,551</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	<u>996,554</u>	<u>9</u>	<u>996,547</u>	<u>9</u>
Capital surplus	<u>1,088,799</u>	<u>9</u>	<u>934,183</u>	<u>9</u>
Retained earnings				
Legal reserve	996,547	8	949,240	9
Special reserve	201,083	2	263,672	2
Unappropriated earnings	<u>3,025,729</u>	<u>26</u>	<u>2,550,756</u>	<u>23</u>
Total retained earnings	<u>4,223,359</u>	<u>36</u>	<u>3,763,668</u>	<u>34</u>
Other equity	<u>(241,490)</u>	<u>(2)</u>	<u>(141,166)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	6,067,222	52	5,553,232	51
NON-CONTROLLING INTERESTS	<u>43,010</u>	<u>1</u>	<u>21,423</u>	<u>-</u>
Total equity	<u>6,110,232</u>	<u>53</u>	<u>5,574,655</u>	<u>51</u>
TOTAL	<u>\$ 11,587,913</u>	<u>100</u>	<u>\$ 10,972,206</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 7,330,811	100	\$ 6,526,749	100
OPERATING COSTS (Notes 11 and 22)	<u>4,981,786</u>	<u>68</u>	<u>4,561,586</u>	<u>70</u>
GROSS PROFIT	<u>2,349,025</u>	<u>32</u>	<u>1,965,163</u>	<u>30</u>
OPERATING EXPENSES (Notes 4, 10, 22 and 28)				
Selling and marketing expenses	343,457	5	238,991	4
General and administrative expenses	402,400	5	399,823	6
Research and development expenses	378,441	5	287,762	4
Expected credit loss	<u>3,258</u>	<u>-</u>	<u>839</u>	<u>-</u>
Total operating expenses	<u>1,127,556</u>	<u>15</u>	<u>927,415</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>1,221,469</u>	<u>17</u>	<u>1,037,748</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	15,034	-	4,981	-
Other income (Note 22)	84,048	1	96,279	1
Other gains and losses (Note 22)	(56,861)	-	161,780	3
Finance costs (Note 4)	(60,653)	(1)	(38,752)	(1)
Share of profit or loss of associates and joint ventures (Note 13)	<u>1,491</u>	<u>-</u>	<u>(4,240)</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,941)</u>	<u>-</u>	<u>220,048</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,204,528	17	1,257,796	19
INCOME TAX EXPENSE (Notes 4 and 23)	<u>277,707</u>	<u>4</u>	<u>255,521</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>926,821</u>	<u>13</u>	<u>1,002,275</u>	<u>15</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 19 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,310)	-	5,026	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,754	-	(1,424)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>862</u>	<u>-</u>	<u>(1,005)</u>	<u>-</u>
	<u>(1,694)</u>	<u>-</u>	<u>2,597</u>	<u>-</u>

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ (104,043)	(2)	\$ 63,852	1
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(237)	-	161	-
	<u>(104,280)</u>	<u>(2)</u>	<u>64,013</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(105,974)</u>	<u>(2)</u>	<u>66,610</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 820,847</u>	<u>11</u>	<u>\$ 1,068,885</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 921,221	13	\$ 999,901	15
Non-controlling interests	<u>5,600</u>	<u>-</u>	<u>2,374</u>	<u>-</u>
	<u>\$ 926,821</u>	<u>13</u>	<u>\$ 1,002,275</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 815,049	11	\$ 1,066,511	16
Non-controlling interests	<u>5,798</u>	<u>-</u>	<u>2,374</u>	<u>-</u>
	<u>\$ 820,847</u>	<u>11</u>	<u>\$ 1,068,885</u>	<u>16</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 9.24</u>		<u>\$ 10.03</u>	
Diluted	<u>\$ 9.04</u>		<u>\$ 10.00</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2022	\$ 996,547	\$ 1,033,837	\$ 871,116	\$ 262,423	\$ 2,024,826	\$ (203,755)	\$ -	\$ 4,984,994	\$ 19,049	\$ 5,004,043
Appropriation of 2021 earnings										
Legal reserve	-	-	78,124	-	(78,124)	-	-	-	-	-
Special reserve	-	-	-	1,249	(1,249)	-	-	-	-	-
Cash dividends	-	-	-	-	(398,619)	-	-	(398,619)	-	(398,619)
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)	-	(99,654)
Net profit for the year ended December 31, 2022	-	-	-	-	999,901	-	-	999,901	2,374	1,002,275
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	4,021	64,013	(1,424)	66,610	-	66,610
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,003,922	64,013	(1,424)	1,066,511	2,374	1,068,885
BALANCE AT DECEMBER 31, 2022	996,547	934,183	949,240	263,672	2,550,756	(139,742)	(1,424)	5,553,232	21,423	5,574,655
Appropriation of 2022 earnings										
Legal reserve	-	-	47,307	-	(47,307)	-	-	-	-	-
Special reserve	-	-	-	(62,589)	62,589	-	-	-	-	-
Cash dividends	-	-	-	-	(458,412)	-	-	(458,412)	-	(458,412)
Changes in percentage of ownership interests in subsidiaries	-	2,610	-	-	-	2,730	-	5,340	15,789	21,129
Equity component of convertible bonds issued by the Company	-	251,575	-	-	-	-	-	251,575	-	251,575
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)	-	(99,654)
Convertible bonds converted to ordinary shares	7	85	-	-	-	-	-	92	-	92
Net profit for the year ended December 31, 2023	-	-	-	-	921,221	-	-	921,221	5,600	926,821
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,448)	(104,478)	1,754	(106,172)	198	(105,974)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	917,773	(104,478)	1,754	815,049	5,798	820,847
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	330	-	(330)	-	-	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 996,554</u>	<u>\$ 1,088,799</u>	<u>\$ 996,547</u>	<u>\$ 201,083</u>	<u>\$ 3,025,729</u>	<u>\$ (241,490)</u>	<u>\$ -</u>	<u>\$ 6,067,222</u>	<u>\$ 43,010</u>	<u>\$ 6,110,232</u>

The accompanying notes are an integral part of the consolidated financial statements.

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,204,528	\$ 1,257,796
Adjustments for:		
Depreciation expenses	456,168	346,815
Amortization expenses	56,063	36,991
Expected credit loss recognized	3,258	839
Net (gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(10,694)	1,676
Finance costs	60,653	38,752
Interest income	(15,034)	(4,981)
Dividend income	(2,976)	(225)
Share of (profit) loss of associates and joint ventures	(1,491)	4,240
Gain on disposal of property, plant and equipment	(607)	(83,554)
Loss (gain) on lease modifications	2,853	(272)
(Reversal of) write-downs of inventories	67,055	19,309
Gain from bargain purchase	-	(15,341)
Changes in operating assets and liabilities		
Notes receivable	(544,492)	(2,848)
Trade receivables	23,125	(620,580)
Trade receivables from related parties	(52,353)	(39,730)
Other receivables	(4,106)	(6,026)
Inventories	27,033	(466,283)
Other current assets	90,726	(34,573)
Other non-current assets	421,817	117,545
Notes payable	1,590	23,058
Trade payables from unrelated parties	(71,755)	278,004
Other payables	(4)	109,322
Other current liabilities	(82,414)	40,303
Net defined benefit liabilities	90	(95)
Other non-current liabilities	(149)	(784)
Cash generated from operations	1,628,884	999,358
Interest received	15,034	4,981
Interest paid	(46,606)	(38,752)
Income tax received	6,216	17,868
Income tax paid	(170,855)	(191,742)
Net cash generated from operating activities	<u>1,432,673</u>	<u>791,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(2,540)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8,538	-
Purchase of financial assets at amortized cost	-	(178,118)

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of financial assets at amortized cost	\$ 178,118	\$ -
Purchase of financial assets at fair value through profit or loss	(79,100)	(925)
Proceeds from disposal of financial assets at fair value through profit or loss	9,814	920
Investments accounted for using the equity method	-	(16,608)
Payments for acquisition of subsidiary	-	(118,099)
Payments for property, plant and equipment	(1,527,996)	(1,065,193)
Proceeds from disposal of property, plant and equipment	118,642	181,596
Increase in refundable deposits	(857)	-
Decrease in refundable deposits	-	2,083
Payments for intangible assets	(22,142)	(26,090)
Dividends received	<u>2,976</u>	<u>225</u>
Net cash used in investing activities	<u>(1,312,007)</u>	<u>(1,222,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,208,642
Repayment of short-term borrowings	(1,118,511)	-
Proceeds from issuance of bonds	1,623,855	-
Proceeds from guarantee deposits received	405	5
Repayment of the principal portion of lease liabilities	(36,073)	(25,776)
Dividends paid to owners of the Company	(558,066)	(498,273)
Changes in non-controlling interests	<u>18,399</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(69,991)</u>	<u>684,598</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(20,452)</u>	<u>34,397</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,223	287,959
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>966,258</u>	<u>678,299</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 996,481</u>	<u>\$ 966,258</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

[Attachment 6]

Hu Lane Associate Inc.
2023 Earnings Appropriation Statement



Unit: NTD

Item	Subtotal	Total
Undistributed earnings at the beginning of the period		2,107,629,434
Net income after tax	921,220,931	
Remeasurement of the defined benefit plan recognized in retained earnings	(3,448,326)	
Disposal of equity investments measured at fair value through other comprehensive income.	329,500	
The amount of the current after-tax net income plus the items other than the current after-tax net profit and included in the current year's undistributed earnings		918,102,105
Appropriation of Legal Reserve (Note 1)		(14,160)
Appropriation of Special Reserve (Note 2)		(100,323,813)
Distributable earnings of the current period		2,925,393,566
Distribution item		
Shareholders' stock dividend (NT\$0.25/share) (Note 3)	(24,914,030)	
Shareholders' cash dividend (NT\$4/share)	(398,624,492)	(423,538,522)
Undistributed earnings at the end of the period		2,501,855,044

Note 1: Handled in accordance with Article 237 of the Company Act. After the Company has paid all taxes and distributed earnings, it shall first set aside 10% of the earnings as legal reserve. However, this restriction does not apply when the legal reserve has reached the amount of paid-in capital.

Note 2: Acting in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.

Note 3: The stock dividend to shareholders is 25 shares for every 1,000 shares, totaling NT\$24,914,030.

Note 4: The Company's dividends are distributed based on the total share count of 99,656,123 shares as of April 1, 2024.

Note 5: The cash dividends are distributed proportionally to the nearest NTD\$1, with portions below NTD\$1 being rounded down. Any portion of the cash distribution less than NTD\$1 is totaled and recognized as the Company's other income.

Person in charge: Chang Tzu-Hsiung



President: Hu Sheng-Ching



Accounting Supervisor: Chang Chia-Chi



Chapter 8. Appendix

[Appendix 1]

Hu Lane Associate Inc. Rules of Procedure for Shareholders' Meetings

Approved by the shareholders' meeting on June 28, 2012.

- I. Except as otherwise provided by law, the Shareholders' Meetings of the Company shall be handled in accordance with these Rules.
- II. The Company shall set up an attendance register for the attending shareholders to sign, or the attending shareholders may hand in their sign-in card in lieu of signing in. The number of shares attending the meeting shall be calculated based on the attendance card or the attendance card handed in plus the number of shares exercising voting rights in writing or electronic means.
- III. The attendance and voting of shareholders shall be counted on the basis of shares.
- IV. A shareholders' meeting shall be held at the premises of the Company or at a convenient and suitable place for shareholders to attend. The meeting shall begin no earlier than 9:00 am or later than 3:00 pm.
- V. If a shareholders meeting is convened by the Board of Directors, the Chairman of the meeting shall preside over the meeting. If the Chairman is on leave or is unable to exercise his/her power for any reason, the Vice Chairman will preside over the meeting. The Chairman shall appoint a Managing Director to act as his/her deputy. If there is no Managing Director, a Managing Director shall be appointed to act as the deputy.
If the shareholders' meeting is convened by any authorized party other than the Board of Directors, such party shall preside over the meeting.
- VI. The Company may appoint its appointed lawyers, accountants, or other related personnel to attend the shareholders' meeting as non-voting guests.
The administrative personnel of the Shareholders' Meeting shall wear ID badges or arm badges.
- VII. The Company shall keep an audio recording or videotaping of the entire shareholders' meeting held for at least one year.
- VIII. The Chairman shall declare the meeting in session convened immediately after the session was convened. However, when the attending shareholders do not represent more than half of the total number of shares issued, the Chairman may declare a postponement, provided that the number of such postponements shall not exceed two and the duration of such postponement shall not exceed one hour. If the quorum is not met after two postponements and shareholders representing more than one-third of the total outstanding shareholders are present, a tentative resolution may be reached in accordance with Article 175-1 of the Company Act.
If, prior to the conclusion of the meeting, the attending shareholders have represented

more than half of the total outstanding shares, the Chair may resubmit the tentative resolution for voting at the general meeting in accordance with Article 174 of the Company Act.

- IX. 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 accordance with the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions referred to above shall apply *mutatis mutandis* if the shareholders' meeting is convened by a person authorized to convene it other than the Board of Directors.

The chair may not announce that the meeting is adjourned until a resolution has been reached in respect of the two meetings on the agenda (including extraordinary motions).

- X. The attending shareholders must fill out and submit the statement slip stating the purpose of the speech, the shareholder account number (or attendance card number), and account name. The chair shall specify the order of speakers.

Shareholders who present a statement slip but do not speak are deemed not to have spoken. If the content of the speech is inconsistent with the statement slip, the content of the speech shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have obtained the consent of the chair and the shareholder who speaks. The chair shall stop the offender from speaking.

- XI. Shareholders' inquiries about the matters to be reported in the agenda shall be read out or reported by the Chairman or the person designated by the shareholders in full. Each person may not speak more than twice and each speech may not exceed 5 minutes. However, with the permission of the Chairman, the speech may be extended for 5 minutes and is limited to one extension.

The time and frequency of speeches stated in the preceding paragraph shall apply *mutatis mutandis* to shareholders' speech on each motion of the acknowledgment and discussion on the agenda, and each motion put forward in the procedure for impromptu motions.

The time and frequency of shareholders' statements regarding the questions and responses not included in the extraordinary motion of the agenda shall apply to the provisions in Paragraph 1 *mutatis mutandis*.

The Chairman may stop a shareholder from speaking that is in violation of the preceding paragraph or exceeds the scope of the agenda.

- XII. When a legal person is appointed to attend the shareholders' meeting, such legal person may appoint only one representative to attend the meeting.

When an institutional shareholder appoints two or more proxies to attend the

shareholders' meeting, only one of them may speak on the same motion.

- XIII. After an attending shareholder has spoken, the Chairman may reply in person or designate the relevant personnel to respond.
- XIV. When the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce that the discussion is closed and call a vote.
- XV. The Chairman shall appoint personnel to monitor the ballots and count the votes for the voting on a proposal, provided that the personnel shall be shareholders of the Company.

The counting of votes shall be conducted in public at the venue of the shareholders' meeting, and the voting results shall be reported on-site and made into minutes.
- XVI. During a meeting, the chair may announce a break at his/her discretion.
- XVII. Unless otherwise provided in the Company Act or the Articles of Incorporation, the voting for a proposal shall require the consent of a majority of the voting rights represented by the attending shareholders. If no objection is raised at the time of the chairperson's inquiry, it shall be deemed that the proposal has been passed.
- XVIII. When there is an amendment or alternative to the same motion, the chair shall determine the order of voting on the same motion. If one of the motions is passed, the other motions shall be deemed as vetoed and no further voting is required.
- XIX. The chair may assign attendants (or security personnel) to assist in maintaining order at the venue of the meeting. Service personnel (or security personnel) shall wear arm badges marked "Attentive Personnel" when assisting in maintaining order at the scene.
- XX. Matters not specified in these Rules shall be handled in accordance with the Company Act and other relevant laws and regulations, and shall come into force after being approved by the shareholders' meeting. The same procedure is applicable for any amendment thereto.

[Appendix 2]

Hu Lane Associate Inc. Articles of Incorporation

Approved by the shareholders' meeting on June 19, 2023.

Chapter 1 General Provisions

- Article 1: The Company shall be incorporated in accordance with the Company Act and its name shall be Hu Lane Associate Inc.
The Company English name is HU LANE ASSOCIATE INC.
- Article 2: The business of the Company is as follows:
1. Manufacturing, processing, and trading of electronic components (terminals), hardware, and mechanical accessories.
 2. Domestic and foreign sales of ready-to-wear cotton textiles and handicrafts.
 3. Import and export trade and acting as an agent for product distribution, bidding, and quotation of domestic and foreign manufacturers.
 4. CC01080 Electronics Components Manufacturing.
 5. CQ01010 Mold and Die Manufacturing.
 6. F119010 Wholesale of Electronic Materials.
 7. F219010 Retail Sale of Electronic Materials.
 8. F106030 Wholesale of Molds.
 9. F206030 Retail Sale of Molds.
 10. C804020 Industrial Rubber Products Manufacturing.
 11. C805050 Industrial Plastic Products Manufacturing.
 12. I103060 Management Consulting.
 13. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The total amount of the Company's reinvestment in other enterprises is not limited by Article 13 of the Company Act. For business needs, the company may handle mutual guarantee business between peers and subsidiaries in accordance with government regulations.
- Article 4: The Company's head office shall be located in New Taipei City. When necessary, upon the resolution of the Board of Directors, branch offices may be established domestically or overseas.

Chapter 2 Shares

- Article 5: The total capital of the company is NT\$1,200,000,000, divided into 120 million shares, with NT\$100 per share. The unissued shares are authorized to be issued in installments by the board of directors.

Among them, NT\$35 million is divided into 3.5 million shares, at NT\$10 per share, for the issuance of employee stock warrants.

If the Company intends to issue employee warrants at a subscription price lower than the market price, such warrants may be issued only after obtaining the resolution of the shareholders' meeting in accordance with Article 56-1 and Article 76 of the "Regulations Governing the Offering and Issuance of Securities by Issuers".

Article 6: The shares of the Company are exempted from printing share certificates, but shall be registered with the Centralized Securities Depository Enterprise.

Article 7: The rebranding and transfer of shares shall be effected within 60 days prior to the ordinary shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or within 5 days prior to the record date for the distribution of dividends and bonuses or other interests by the Company.

Chapter 3 Shareholders' Meeting

Article 8: The shareholders' meeting shall be divided into ordinary shareholders' meetings and extraordinary shareholders' meetings. The ordinary shareholders' meetings shall be convened once a year and shall be convened by the Board of Directors within six months after the close of each fiscal year according to the laws. The extraordinary shareholders' meetings shall be convened when necessary in accordance with the laws. Shareholders' meetings may be held by video conference or in other manners as announced by the central competent authority.

Article 9: When a shareholder, for any reason, cannot attend a shareholders' meeting, he or she may proceed in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings by Public Companies".

Article 10: Shareholders of the Company shall have one voting right for each share held, except under the circumstances specified in Article 179 of the Company Act.

Article 11: Unless otherwise specified in company law, a resolution of a shareholders' meeting shall be made by a majority of the voting rights represented by a majority of the shareholders present, provided that in the following circumstances, their voting rights shall not be adopted. When two-thirds of the total number of issued shares are present, the resolution shall be approved by a majority of the shareholders present at the meeting.

I. Purchasing or merging other domestic or foreign enterprises.

II. Dissolution, liquidation, or division.

Article 12: Resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of

the shareholders' meeting and shall be distributed to all shareholders within 20 days after the meeting. The preparation and distribution of the minutes of the meeting may be made electronically or by public announcement.

Chapter 4 Directors and Audit Committee

Article 13: The Company shall have 7 to 11 Directors with a term of office of three years. The candidate nomination system shall be adopted. The Directors shall be elected by the shareholders' meeting from the candidate list of Directors, and shall be eligible for re-election. The number of independent directors shall not be less than three and no less than 1/5 of the total number of directors. The independent directors' professional qualifications, restrictions on shareholding, and part-time job held, confirmation of independence, nomination and election methods, and other matters to be followed shall be handled in accordance with the relevant regulations of the competent authority. The Company may purchase liability insurance for the compensation liabilities of the Directors in accordance with the laws and regulations during their term of office.

Article 13-1: The company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act and is composed of all independent directors. The exercise of powers, organizational rules and matters to be followed by the audit committee shall be handled in accordance with relevant laws or company regulations.

Article 14: The Board of Directors shall be organized by the Directors. One of the Directors shall be elected from among the Directors with the attendance of more than two-thirds of the Directors and the consent of more than half of the attending Directors to represent the Company. In the event that the Chairman is on leave or is unable to perform his or her duties for any reason, the proxy thereof shall be handled in accordance with Article 208 of the Company Act. The reasons for convening a Board of Directors' meeting shall be stated and notified to all Directors seven days in advance. However, in case of an emergency, a Board of Directors' meeting may be convened at any time. The Board of Directors of the Company may be convened in writing, E-mail, or fax.

Article 15: Unless otherwise specified in the Company Act, resolutions of the Board of Directors shall be executed with the attendance of a majority of the directors and the consent of a majority of the directors present. A director may authorize another director in writing to attend the board meeting as a proxy and enumerate the scope of authorization of the reasons for convening the meeting, and appoint another director to attend the board meeting as a proxy, provided

that the proxy is limited to one person.

Article 16: When the vacancy of directors reaches one-third of the total number of vacancies, all directors shall be dismissed from office, and the Board of Directors shall convene a special shareholders' meeting within 60 days to have by-elections limited to the term of office of the original directors.

Article 17: The Board of Directors is authorized to determine the remuneration to directors in accordance with the standard of the same industry in the industry.
All directors are entitled to travel allowances of NT\$10,000 per month.

Chapter 5 Managers

Article 18: The Company may have managerial officers. The appointment, discharge, and remuneration of the managerial officers shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 19: At the end of each fiscal year, the Board of Directors shall prepare (i) the business report, (ii) financial statements, and (iii) the proposal for distribution of earnings or covering losses and submit it to the general shareholders' meeting in accordance with the laws.

Article 20: If the Company has a profit for the year (the so-called profit refers to the profit before tax less the remuneration of employees and the remuneration of directors), 1% to 10% shall be distributed as employee remuneration, and not more than 1% as directors' remuneration. However, when the Company still has accumulated deficits (including the adjustment of undistributed earnings), the Company shall reserve the amount to compensate in advance, and then appropriate the aforementioned proportion as remuneration to employees and remuneration to directors.

The remuneration to employees referred to in the preceding paragraph may be paid in shares or cash, and the recipients of the remuneration may include employees of the affiliated company who meet certain criteria. The eligibility criteria are determined by the Board of Directors.

The preceding two paragraphs shall be implemented by a resolution of the board of directors and reported to the shareholders' meeting.

Article 21: If there is a net profit of the company's annual final accounts, it should first make up for the accumulated losses (including adjusting the amount of undistributed surplus), then allocate 10% as Legal Reserve. However, if the Legal Reserve have reached the Company's paid-in capital, no further allocation shall be made. The remaining amount shall be allocated as Special Reserve in accordance with relevant laws, regulations, or provisions. If there is

still surplus, it shall be added to the opening balances undistributed surplus (including adjusting the amount of undistributed surplus), and the Board of Directors shall draft a proposal for profit distribution to be submitted to the shareholders' meeting for resolution.

- Article 22: The Company will, in consideration of the environment and the growth stage in which the Company is situated, respond to future capital needs, long-term financial planning, and shareholders' needs for cash inflow, the Company will distribute cash dividends and stock dividends in combination. The amount of dividends shall not be less than 10% of the total dividends.

Chapter 7 Supplementary Provisions

- Article 23: Any matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act.

- Article 24: The Articles of Incorporation were established on May 28, 1977. Amendment was made for the first time on June 18, 1977. Amendment for the 2nd instance on April 17, 1979. The third amendment was made on May 23, 1981. The fourth amendment was made on June 1, 1983. The fifth amendment was made on November 27, 1990. The sixth amendment was made on July 29, 1995. The seventh amendment was made on December 8, 1997. The eighth amendment was made on December 17, 1999. The ninth amendment was made on December 9, 1990. The tenth amendment was made on January 15, 2001. The eleventh amendment was made on April 20, 2001. Amendment was made for the 12th instance on June 20, 2002. Amendment was made for the 13th instance on May 28, 2004. The fourteenth amendment was made on June 14, 2005. Amendment was made for the 15th instance on June 14, 2006. Amendment was made for the 16th instance on June 13, 2007. Amendment was made for the 17th instance on June 13, 2008. Amendment was made for the 18th instance on June 16, 2009. The nineteenth amendment was made on June 15, 2000. The twentieth amendment was made on June 28, 2012. The twenty first amendment was made on June 28, 2013. The twenty second amendment was made on June 18, 2014. The twenty third amendment was made on June 27, 2016. The twenty fourth amendment was made on June 18, 2019. The twenty fifth amendment was made on June 19, 2020. The twenty sixth amendment was made on June 19, 2023.

[Appendix 3]

Hu Lane Associate Inc. Shareholding of all Directors

- I. Type and total number of shares issued: 99,656,123 common shares
- II. Minimum number of shares held by all directors: 7,972,489 shares (8% of total shares)
- III. Shareholders' Register

Book closure date: April 1, 2024

Job Title	Name	Number of shares held	Shareholding ratio
Chairman	Chang Tzu-Hsiung	4,001,173	4.01%
Director	Hu Sheng-Ching	5,775,315	5.79%
Director	Liu Chun-Hsiang	4,106,005	4.12%
Director	Chang Ping-Chun	1,936,163	1.94%
Director	Hu Shao-Ju	2,439,251	2.45%
Director	Lin Yuan-Li	0	0.00%
Independent Director	Chang Shyueh-Chih	0	0.00%
Independent Director	Lin, Chan-Lieh	10,125	0.01%
Independent Director	Tai Chia-Wei	0	0.00%
Number of shares held by all directors (excluding independent directors)		18,257,907	18.31%



Honesty Unit Longevity
Agility Novelty Excellence

Hu Lane Associate Inc.

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