

[Stock Code: 4572]



Drewloong Precision, Inc.

2025 Annual Shareholders' Meeting Meeting Handbook (Translated from Mandarin)

Date: May 28, 2025 (Wednesday)
Venue: No. 99, Boai 2nd Road, Gushan District, Kaohsiung City
(Royal Banquet Hall, THE LIN)

(The content of this document has been translated from the original which was written in Mandarin and is for reference purposes only. In the event of any inconsistency between the English version and the Mandarin version, the Mandarin version shall take precedence.)

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Drewloong Precision, Inc.

2025 Annual Shareholders' Meeting Procedure

- I. Call the meeting to order
- II. Opening remarks by the Chairman
- III. Report Items
- IV. Ratifications
- V. Discussions
- VI. Extempore Motions
- VII. Adjournment

Drewloong Precision, Inc.

2025 Annual Shareholders' Meeting Agenda

Time: 9:30 a.m., Wednesday, May 28, 2025

Venue: No. 99, Boai 2nd Road, Gushan District, Kaohsiung City (Royal Banquet Hall, THE LIN)

Convening Method: Physical Shareholders' Meeting

- I. Call the meeting to order (report the total number of shares in attendance)
- II. Opening remarks by the Chairman
- III. Report Items
 - 1. 2024 Business Report.
 - 2. Audit Committee's Review Report for 2024.
 - 3. Report on Distribution of Remuneration for Employees and Directors for the year 2024.
 - 4. Explanation of the cause of exclusion of shareholder proposals.
- IV. Ratifications
 - 1. 2024 business report and financial statements.
 - 2. 2024 earnings distribution proposal.
- V. Discussions
 - 1. Issuance of new shares through capitalization of retained earnings.
 - 2. Amendment of the "Articles of Incorporation"
- VI. Extempore Motions
- VII. Adjournment

Report Items

I. The Company's 2024 Business Report

Explanation: Please refer to Pages 7-8 of this Handbook (Attachment 1) for the Company's 2024 Business Report.

II. Audit Committee's Review Report for 2024

Explanation: Please refer to Page 9 (Attachment 2) of this Handbook for the Audit Committee's Review Report.

III. Report on Distribution of Remuneration for Employees and Directors of 2024.

Explanation: 1. The Company made a profit of NT\$ 360,573,387 for 2024. In accordance with Article 25 of the Company's Articles of Incorporation, the distribution of remuneration of employees and Directors is as follows:

- (1) Profit-sharing remuneration for employees is appropriated at (approximately) 3.29%, which is NT\$ 11,880,000.
 - (2) Profit-sharing remuneration for directors is appropriated at (approximately) 3.00%, which is NT\$ 10,810,000.
2. The aforementioned distribution of remuneration of employees and Directors shall be paid in cash.

IV. Explanation of the cause of exclusion of shareholder proposals.

Explanation: The Company had not received any shareholder proposal as of the proposal deadline, please refer to Page 10 (Attachment 3).

Ratifications

Proposal 1

Proposed by the Board

Cause: Submit the Proposal for 2024 Business Report and Financial Statements for deliberation.

Explanation: 1. The Company's 2024 business report and financial statements have been prepared and the parent company only and consolidated financial statements have been audited by CPAs Chun-Kai Wang and A-Shen Liao from PwC Taiwan, and reviewed by the Company's Audit Committee, and a review report has been issued on record.

2. Please refer to Pages 7-8 (Attachment 1) and Pages 11–33 (Attachments 4 and 5) of this Handbook for the 2024 Business Report, Financial Statements and Independent Auditors' Report.

Resolution:

Proposal 2

Proposed by the Board

Cause: Submit the Company's earnings distribution proposal for 2024 for deliberation.

Explanation: 1. The Company's net profit after tax for 2024 was NT\$ 284,244,339. In accordance with the Company's Articles of Incorporation, the Company has prepared an earnings distribution table. Please refer to Page 34 (Attachment 6).

2. The Company intends to distribute cash dividends to shareholders in the amount of NT\$185,000,000, with NT\$ 4.74358974 per share. A stock dividend of NT\$0.25641026 per share will be distributed, totaling NT\$10,000,000. The Chairperson is authorized to set the base date for dividend distribution after the proposal is approved by the annual shareholders' meeting.

3. The current cash dividend is calculated according to the distribution ratio and rounded up to a dollar. The total amount of the odd share less than NT\$1 is adjusted, from the higher to lower decimal point and from top down of the account number sequentially, till it is equal to the total cash dividend distributed.

4. In the event that the number of outstanding shares is affected by subsequent changes in the Company's share capital and the dividend distribution rate is revised as a result, Chairperson will be authorized to exercise his full authority.

Resolution:

Discussions

Proposal 1

Proposed by the Board

Cause: Issuance of new shares through capitalization of retained earnings

Explanation:

1. It's proposed that the Company allocates NT\$10,000,000 from the accumulated distributable earnings for 2024 as shareholders' dividends, to be used for a capital increase through the issuance of 1,000,000 new shares at a par value of NT\$10 per share.
2. The new shares for the capital increase from retained earnings shall be allocated to the shareholders as stated in the shareholders' roster on the base date of the capital increase according to their shareholdings therein, calculated on the basis of 39,000,000 shares currently outstanding, with around 25.64102564 shares as stock dividends per thousand shares. For fractional shares that are less than one full share, shareholders may, within five days from the book closure date, arrange to combine their fractional shares into full shares through the Company's stock transfer agent. The fractional shares that failed to be pooled into one share will be converted into cash at par value up to NT\$1 (to offset central depository book-entry fee or dematerialized book-entry fee). Fractional amounts below one dollar will be disregarded. Any undistributed shares will be subscribed at par value by designated parties as authorized by the Chairman.
3. The rights and obligations of the new shares issued for the capital increase are the same as the original issued shares, and the shares are issued in dematerialized form.
4. The Board of Directors shall determine the base date of the capital increase with issuance of new shares, the distribution date and other related matters after the resolution of the regular shareholders' meeting and the approval of the competent authority. Should any revisions be approved by the competent authority or adjustments be required in response to practical needs, the Board of Directors is hereby authorized to take full responsibility for making such changes.
5. In the event that the number of outstanding shares is affected by subsequent changes in the Company's share capital, the Chairperson will be authorized to handle related matters with full authority after the proposal is adopted by the regular shareholders' meeting.

Resolution:

Proposal 2

Proposed by the Board

Cause: Amendment of the "Articles of Incorporation"

Explanation:

In accordance with the Financial Supervisory Commission's letter No. 1130385442, dated November 8, 2024, and to align with the Company's operational needs, certain provisions of the Company's Articles of Incorporation are proposed to be amended. Please refer to pages 35 - 36, Attachment 7 for a comparison table of the current and amended provisions.

Resolutions:

Extempore Motions

Adjournment

Drewloong Precision, Inc.

2024 Business Report

I. 2024 Business Result

(I) Implementation results of business plan

For the fiscal year 2024, the Company recorded net operating revenue of NT\$871,452 thousand, representing an increase of 4.66% compared to NT\$832,658 thousand in 2023. Net income after tax for the year amounted to NT\$284,244 thousand, with earnings per share (EPS) of NT\$7.29.

Unit: NTD thousand

Analysis item \ Year		2024	2023	Increase (decrease) %
Profit or loss analysis	Net operating revenue	871,452	832,658	4.66%
	Operating costs	(443,615)	(435,026)	1.97%
	Operating gross profit	427,837	397,632	7.60%
	Operating expenses	(115,899)	(109,616)	5.73%
	Operating profit	311,938	288,016	8.31%
	Net Non-operating Income	43,459	25,649	69.44%
	Net profit before tax	355,397	313,665	13.30%
	income tax expense	(71,153)	(71,635)	(0.67%)
	Net profit for this period	284,244	242,030	17.44%
	Total comprehensive income for the period	284,244	242,030	17.44%

(II) Budget implementation status

The Company did not disclose its financial forecast for 2024, so it is not applicable.

(III) Financial income and expenditures and profitability analysis

Unit: NTD thousand, %

Analysis item \ Year			2024	2023
Financial receipts and expenditures	Operating revenue		871,452	832,658
	Operating gross profit		427,837	397,632
	Total comprehensive income for the period		284,244	242,030
Profitability	Return on assets (%)		10.61	10.82
	As a percentage of paid-in capital (%)	Operating profit	79.98	73.85
		Net profit before tax	91.12	80.42
	Net profit margin (%)		32.61	29.07
	Earnings per share after tax (NTD) - before retroactive adjustment (NTD)		7.29	6.21
	Earnings per share after tax (NTD) - after retroactive adjustment (NTD)		7.29	6.21

(IV) R&D status

Item	2024	2023
R&D expenses (A)	38,069	44,531
Net operating revenue (B)	871,452	832,658
(A)/ (B)	4.37%	5.35%

II. Outline of business plan for the year

(I) Business guidelines

The Company upholds the business philosophy of "quality", "time", "price" and "service". We will continue to learn and innovate, pursue technology, and improve quality and manufacturing processes in order to continue to expand our business territory.

Quality: Strictly abide by the rules and regulations to ensure the quality of products and meet customer needs.

Time: Strictly adhere to the customer's order requirements, and deliver the goods on time and in the same quality and quantity.

Price: Introduce intelligent manufacturing, optimize production capacity, share benefits, and maintain competitive price advantage.

Service: Understand and meet customers' needs, service is our top priority.

(II) Estimated sales volume

The Company did not disclose its financial forecast for 2025, so it is not applicable.

(III) Important production and sales policies

1. Production policy:

We have full production capacity of aerospace components, from processing, special surface treatment to assembly, providing customers with full production process services, and introducing intelligent manufacturing to continuously refine the production process and adopt the most suitable economic batch production to fully control costs.

2. Sales policy:

Based on the existing business performance in the Americas and Asia, we will strengthen the development of the European market in order to accomplish the goal of customer development in the European, American and Asian markets.

III. The Company's future development strategies

The Company operates within the i global aerospace industry supply chain as a full-service manufacturer of structural parts of aircraft, possessing a wide range of specialized manufacturing technologies and years of experience. It holds certifications from major industry leaders such as Boeing and Airbus. Last year, the Company was impacted by delays in certain order deliveries due to the Boeing labor union strike. Looking ahead, in addition to meeting delivery requirements for existing customers, the Company remains committed to developing new orders to continuously pursue further collaboration opportunities with major domestic and international clients. Simultaneously, we continuously enhance our production technology and cost control to increase market share and uniqueness. This relentless pursuit of excellence enables the Company to maintain its advantages amidst intense international competition.

Kun-Sheng Wang

Chairperson

Hsuan-I Chen

Managerial Officer

Tzu-Yen Tseng

Chief Accounting Officer

Audit Committee's Review Report

Date: March 7, 2025

To: Drewloong Precision, Inc.
2025 Annual Shareholders' Meeting

The Board of Directors has prepared the Company's 2024 annual financial statements, business report, and earnings distribution table, etc., which have been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted for your review.

Sincerely,

Shu-Hsien Hu

Convener of the Audit Committee

Explanation of the cause of exclusion of shareholder proposals.

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, the number of words of which shall be limited to not more than three hundred (300) words.
2. The Company has set the period from March 21, 2025 to March 31, 2025 to receive proposals from shareholders for the annual shareholders' meeting and has made such announcement available on the Market Observation Post System in accordance with the law.
3. The Company had not received any shareholder proposal as of the proposal deadline.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Drewloong Precision, Inc.

PWCR24000657

Opinion

We have audited the accompanying consolidated balance sheets of Drewloong Precision, Inc. and subsidiary (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Assessment of allowance for inventory valuation loss

Description

The inventories of the Group as at December 31, 2024 amounted to NT\$548,122 thousand (net of allowance for inventory valuation loss amounting to NT\$50,887 thousand). Please refer to Note 4(11) for accounting policies on evaluation of inventories, Note 5 for accounting estimates and assumption uncertainty of evaluation of inventories and Note 6(4) for details of inventories.

The Group is primarily engaged in the manufacturing, processing and trading of aerospace parts and special tools. Inventories are stated at the lower of cost and net realisable value. Given that the amount and items of the inventories are significant and numerous and the net realisable value used in the valuation of inventories individually identified as obsolete or damaged usually involves subjective judgement and contains a high degree of estimates uncertainty, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the assessment method of allowance for inventory valuation loss, including the reasonableness of the inventory clearance and the determination of obsolete inventory items as well as the consistency of accounting estimates method, based on our understanding on the industry and product characteristics of the Group.

2. Obtained the aging reports of inventories and reports of obsolete or damaged inventories, sampled the inventory item numbers and verified with the record of inventory transaction to ascertain the classification of age ranges of inventories and obsolete or damaged inventories was correct.
3. Verified the supporting documents of the net realisable value, ascertained the reasonableness of the net realisable value and recalculated and assessed the reasonableness of the provision of allowance for inventory valuation loss.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Drewloong Precision, Inc. as at and for the years ended December 31, 2024 and 2023.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Wang, Chun-Kai

Liao, A-Shen

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Drewloong Precision, Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 632,008	20	\$ 429,595	18
1136	Current financial assets at amortised cost, net	6(2)	644,040	21	506,684	21
1140	Current contract assets	6(16)	39,658	1	37,808	2
1170	Accounts receivable, net	6(3)	240,386	8	214,391	9
1200	Other receivables		6,487	-	4,065	-
130X	Inventory	6(4)	548,122	18	413,086	17
1410	Prepayments		9,074	-	14,721	1
11XX	Current Assets		2,119,775	68	1,620,350	68
Non-current assets						
1535	Non-current financial assets at amortised cost, net	6(2) and 8	44,150	1	77,785	3
1600	Property, plant and equipment	6(5)(12)	615,786	20	353,327	15
1755	Right-of-use assets	6(6)	270,693	9	284,319	12
1780	Intangible assets	6(7)(12)	18,295	1	11,084	1
1840	Deferred income tax assets	6(22)	11,500	-	11,447	1
1915	Prepayments for business facilities		18,453	1	943	-
1920	Guarantee deposits paid		8,907	-	6,255	-
1990	Other non-current assets, others		116	-	186	-
15XX	Non-current assets		987,900	32	745,346	32
1XXX	Total assets		\$ 3,107,675	100	\$ 2,365,696	100

(Continued)

Drewloong Precision, Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2170	Accounts payable		\$	17,286	-	\$	10,145	1
2200	Other payables	6(8)		175,840	6		122,328	5
2230	Current income tax liabilities			36,860	1		70,534	3
2250	Provisions for liabilities - current			275	-		65	-
2280	Current lease liabilities	6(6)		6,871	-		5,885	-
2399	Other current liabilities, others	6(9)		17,334	1		3,871	-
21XX	Current Liabilities			254,466	8		212,828	9
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(10)		2,400	-		-	-
2530	Bonds payable	6(11)		469,013	15		-	-
2570	Deferred income tax liabilities	6(22)		4,387	1		1,518	-
2580	Non-current lease liabilities	6(6)		189,329	6		194,963	8
2630	Long-term deferred revenue	6(5)(7)(12)		95,764	3		63,171	3
2640	Accrued pension liabilities	6(21)		2,520	-		2,312	-
2645	Guarantee deposits received			600	-		600	-
25XX	Non-current liabilities			764,013	25		262,564	11
2XXX	Total Liabilities			1,018,479	33		475,392	20
Equity attributable to owners of parent								
	Share capital	6(13)(14)						
3110	Share capital - common stock			390,000	13		390,000	16
	Capital surplus	6(14)						
3200	Capital surplus			109,648	3		-	-
	Retained earnings	6(15)						
3310	Legal reserve			178,424	6		154,221	7
3350	Unappropriated retained earnings			1,411,124	45		1,346,083	57
3XXX	Total equity			2,089,196	67		1,890,304	80
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant subsequent events	11						
3X2X	Total liabilities and equity		\$	3,107,675	100	\$	2,365,696	100

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

Drewloong Precision, Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	\$ 871,452	100	\$ 832,658	100
5000	Operating costs	6(4)(5)(7)(20)(21)	(443,615)	(51)	(435,026)	(52)
5900	Gross profit		427,837	49	397,632	48
	Operating expenses	6(5)(7)(20)(21)				
6100	Selling expenses		(19,174)	(2)	(15,286)	(2)
6200	General & administrative expenses		(62,178)	(7)	(59,469)	(7)
6300	Research and development expenses	6(12)	(38,069)	(4)	(44,531)	(5)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	3,521	-	9,670	1
6000	Total operating expenses		(115,900)	(13)	(109,616)	(13)
6900	Operating profit		311,937	36	288,016	35
	Non-operating income and expenses					
7100	Interest income	6(17)	22,898	3	22,586	3
7010	Other income	6(12)	4,494	-	5,209	-
7020	Other gains and losses	6(18)	23,924	3	389	-
7050	Finance costs	6(6)(19)	(7,856)	(1)	(2,535)	-
7000	Total non-operating revenue and expenses		43,460	5	25,649	3
7900	Profit before income tax		355,397	41	313,665	38
7950	Income tax expense	6(22)	(71,153)	(8)	(71,635)	(9)
8200	Profit for the year		\$ 284,244	33	\$ 242,030	29
8500	Total comprehensive income for the year		\$ 284,244	33	\$ 242,030	29
	Profit, attributable to					
8610	Owners of the parent		\$ 284,244	33	\$ 242,030	29
	Comprehensive income attributable to					
8710	Owners of the parent		\$ 284,244	33	\$ 242,030	29
	Basic earnings per share	6(23)				
9750	Basic earnings per share		\$ 7.29		\$ 6.21	
9850	Diluted earnings per share		\$ 7.13		\$ 6.20	

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

Drewloong Precision, Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent					
		Capital Reserves			Retained Earnings		
Notes		Share capital - common stock	Additional paid-in capital	Share options	Legal reserve	Unappropriated retained earnings	Total equity
<u>Year 2023</u>							
		\$ 358,000	\$ 80,600	\$ -	\$ 135,864	\$ 1,149,210	\$ 1,723,674
		-	-	-	-	242,030	242,030
	Total comprehensive income	-	-	-	-	242,030	242,030
Appropriation and distribution of 2022 retained earnings:							
	Legal reserve	-	-	-	18,357	(18,357)	-
	Cash dividends	6(15)	-	-	-	(26,800)	(26,800)
	Cash dividends from capital surplus	6(14)	(48,600)	-	-	-	(48,600)
	Stock dividends from capital surplus	6(13)(14)	32,000	(32,000)	-	-	-
	Balance at December 31, 2017	\$ 390,000	\$ -	\$ -	\$ 154,221	\$ 1,346,083	\$ 1,890,304
<u>Year 2024</u>							
	Balance at January 1, 2024	\$ 390,000	\$ -	\$ -	\$ 154,221	\$ 1,346,083	\$ 1,890,304
	Profit for the year	-	-	-	-	284,244	284,244
	Total comprehensive income	-	-	-	-	284,244	284,244
Appropriation and distribution of 2023 retained earnings:							
	Legal reserve	-	-	-	24,203	(24,203)	-
	Cash dividends	6(15)	-	-	-	(195,000)	(195,000)
	Due to recognition of equity component of convertible bonds issued	6(11)	-	109,648	-	-	109,648
	Balance at December 31, 2024	\$ 390,000	\$ -	\$ 109,648	\$ 178,424	\$ 1,411,124	\$ 2,089,196

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

Drewloong Precision, Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 355,397	\$ 313,665
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(12)(20)	62,258	63,391
Amortization on intangible assets	6(7)(12)(20)	5,444	4,671
Provision (reversal of provision) for bad debt expense	12(2)	(3,521)	(9,670)
Gain on financial assets at fair value through profit or loss	6(18)	(150)	-
Amortization on Long-term deferred revenue	6(5)(7)(12)	(23,359)	(42,229)
Interest expense	6(6)(19)	7,856	2,535
Interest income	6(17)	(22,898)	(22,586)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(1,850)	(15,012)
Accounts receivable		(22,474)	(16,925)
Other receivable		(2,422)	(2,249)
Inventory		(135,036)	(27,912)
Prepayments		5,647	2,090
Changes in operating liabilities			
Notes payable		-	(960)
Accounts payable		7,141	(1,609)
Other payable		(3,923)	24,843
Provisions for liabilities - current		210	(102)
Other current liabilities, others		13,463	(5,067)
Long-term deferred revenue	6(12)	55,952	47,889
Accrued pension liabilities		208	201
Cash inflow generated from operations		297,943	314,964
Interest received		22,898	22,586
Income taxes paid		(2,457)	(2,535)
Income taxes paid		(102,011)	(48,159)
Net cash flows from operating activities		216,373	286,856
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(687,418)	(528,226)
Proceeds from disposal of financial assets at amortised cost		583,697	344,689
Acquisition of property, plant and equipment	6(24)	(256,923)	(38,853)
Acquisition of intangible assets	6(7)	(12,655)	(291)
Increase in prepayments for business facilities		(18,310)	(2,114)
Decrease in guarantee deposits paid		(2,652)	(2,061)
Decrease (Increase) in other non-current assets -others		70	(186)
Net cash flows used in investing activities		(394,191)	(227,042)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(25)	(5,814)	(7,539)
Payments of lease liabilities	6(25)	581,045	-
Proceeds from issuing shares	6(14)(15)	(195,000)	(75,400)
Net cash flows from (used in) financing activities		380,231	(82,939)
Net increase (decrease) in cash and cash equivalents		202,413	(23,125)
Cash and cash equivalents at beginning of year	6(1)	429,595	452,720
Cash and cash equivalents at end of year	6(1)	\$ 632,008	\$ 429,595

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of DREWLOONG PRECISION, INC.

PWCR24000656

Opinion

We have audited the accompanying parent company only balance sheets of DREWLOONG PRECISION, INC. (the “Company”) as at December 31, 2024 and 2023 and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Group as at December 31, 2024 and 2023 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.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 parent company only financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Assessment of allowance for inventory valuation loss

Description

The inventories of the Company as at December 31, 2024 amounted to NT\$585,239 thousand (net of allowance for inventory valuation loss amounting to NT\$50,887 thousand). Please refer to Note 4(10) for accounting policies on evaluation of inventories, Note 5 for accounting estimates and assumption uncertainty of evaluation of inventories and Note 6(4) for details of inventories.

The Company is primarily engaged in the manufacturing, processing and trading of aerospace parts and special tools. Inventories are stated at the lower of cost and net realisable value. Given that the amount and items of the inventories are significant and numerous and the net realisable value used in the valuation of inventories individually identified as obsolete or damaged usually involves subjective judgement and contains a high degree of estimates uncertainty, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the assessment method of allowance for inventory valuation loss, including the reasonableness of the inventory clearance and the determination of obsolete inventory items as well as the consistency of accounting estimates method, based on our understanding on the industry and product characteristics of the Company.
2. Obtained the aging reports of inventories and reports of obsolete or damaged inventories, sampled the inventory item numbers and verified with the record of inventory transaction to ascertain the classification of age ranges of inventories and obsolete or damaged inventories was correct.
3. Verified the supporting documents of the net realisable value, ascertained the reasonableness of the net realisable value and recalculated and assessed the reasonableness of the provision of allowance for inventory valuation loss.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only 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 audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

Wang, Chun-Kai

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets			December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	606,496	20	\$	424,534	18
1136	Current financial assets at amortised cost	6(2)		597,640	20		457,384	19
1140	Current contract assets	6(17)		39,658	1		37,808	2
1170	Accounts receivable, net	6(3)		211,355	7		214,391	9
1200	Other receivables			6,438	-		4,019	-
130X	Inventories	6(4)		585,239	19		434,806	18
1410	Prepayments			8,806	-		14,473	1
11XX	Total current assets			2,055,632	67		1,587,415	67
Non-current assets								
1535	Non-current financial assets at amortised cost	6(2) and 8		43,378	1		77,013	3
1550	Investments accounted for using the equity method	6(5)		108,112	3		91,444	4
1600	Property, plant and equipment	6(6)(13) and 7		585,986	19		323,594	14
1755	Right-of-use assets	6(7)		236,191	8		248,349	11
1780	Intangible assets	6(8)(13)		18,295	1		11,084	-
1840	Deferred income tax assets	6(23)		11,399	-		11,368	1
1915	Prepayments for business facilities			17,163	1		943	-
1920	Guarantee deposits paid			4,044	-		3,796	-
1990	Other non-current assets, others			116	-		186	-
15XX	Total non-current assets			1,024,684	33		767,777	33
1XXX	Total assets		\$	3,080,316	100	\$	2,355,192	100

(Continued)

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and equity		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2170	Accounts payable		\$	16,260	-	\$	8,495	-
2180	Accounts payable – related party	7		-	-		4	-
2200	Other payables	6(9)		167,437	5		114,963	5
2220	Other payables - related parties	7		28,618	1		43,761	2
2230	Current income tax liabilities			24,656	1		59,884	3
2250	Current provisions			275	-		65	-
2280	Current lease liabilities	6(7)		6,575	-		5,593	-
2399	Other current liabilities, others	6(10)		17,188	1		3,757	-
21XX	Current Liabilities			261,009	8		236,522	10
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(11)		2,400	-		-	-
2530	Bonds payable	6(12)		469,013	16		-	-
2570	Deferred income tax liabilities	6(23)		4,387	-		1,518	-
2580	Non-current lease liabilities	6(7)		155,427	5		160,765	7
2630	Long-term deferred revenue	6(6)(8)(13)		95,764	3		63,171	3
2640	Non-current net defined benefit liability	6(22)		2,520	-		2,312	-
2645	Guarantee deposits received			600	-		600	-
25XX	Total non-current liabilities			730,111	24		228,366	10
2XXX	Total liabilities			991,120	32		464,888	20
Equity								
	Share capital	6(14)(15)						
3110	Ordinary share			390,000	13		390,000	17
	Capital surplus	6(15)						
3200	Capital surplus			109,648	3		-	-
	Retained earnings	6(16)						
3310	Legal reserve			178,424	6		154,221	6
3350	Unappropriated retained earnings			1,411,124	46		1,346,083	57
3XXX	Total equity			2,089,196	68		1,890,304	80
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	3,080,316	100	\$	2,355,192	100

The accompanying notes are an integral part of these parent company only financial statements.

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	\$ 835,469	100	\$ 832,731	100
5000	Operating costs	6(4)(21)(22) and 7	(482,704)	(58)	(488,215)	(59)
5900	Gross profit from operations		352,765	42	344,516	41
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(19,174)	(2)	(15,286)	(2)
6200	Administrative expenses		(58,958)	(7)	(54,910)	(6)
6300	Research and development expenses	6(13)	(38,308)	(5)	(44,530)	(5)
6450	Expeted credit gain	12(2)	3,521	-	9,670	1
6000	Total operating expenses		(112,919)	(14)	(105,056)	(12)
6900	Operating profit		239,846	28	239,460	29
	Non-operating income and expenses					
7100	Interest income	6(18)	22,142	3	21,849	2
7010	Other income	6(13) and 7	5,085	1	5,799	1
7020	Other gains and losses	6(19)	23,877	3	393	-
7050	Finance costs	6(7)(20)	(7,403)	(1)	(2,083)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(5)	54,336	6	37,584	4
7000	Total non-operating income and expenses		98,037	12	63,542	7
7900	Profit before income tax		337,883	40	303,002	36
7950	Income tax expense	6(23)	(53,639)	(6)	(60,972)	(7)
8200	Profit for the year		\$ 284,244	34	\$ 242,030	29
8500	Total comprehensive income for the year		\$ 284,244	34	\$ 242,030	29
	Earnings per share	6(24)				
9750	Basic		\$ 7.29		\$ 6.21	
9850	Diluted		\$ 7.13		\$ 6.20	

The accompanying notes are an integral part of these parent company only financial statements.

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Capital Reserves		Retained Earnings			
	Notes	Ordinary share	Additional paid-in capital	Share options	Legal reserve	Unappropriated retained earnings	Total equity
<u>Year 2023</u>							
Balance at January 1, 2023		\$ 358,000	\$ 80,600	\$ -	\$ 135,864	\$ 1,149,210	\$ 1,723,674
Profit for the year		-	-	-	-	242,030	242,030
Total comprehensive income		-	-	-	-	242,030	242,030
Appropriation and distribution of 2022 retained earnings:							
Legal reserve		-	-	-	18,357	(18,357)	-
Cash dividends	6(16)	-	-	-	-	(26,800)	(26,800)
Cash dividends distributed from capital surplus	6(15)	-	(48,600)	-	-	-	(48,600)
Stock dividends distributed from capital surplus	6(14)(15)	32,000	(32,000)	-	-	-	-
Balance at December 31, 2023		\$ 390,000	\$ -	\$ -	\$ 154,221	\$ 1,346,083	\$ 1,890,304
<u>Year 2024</u>							
Balance at January 1, 2024		\$ 390,000	\$ -	\$ -	\$ 154,221	\$ 1,346,083	\$ 1,890,304
Profit for the year		-	-	-	-	284,244	284,244
Total comprehensive income		-	-	-	-	284,244	284,244
Appropriation and distribution of 2023 retained earnings:							
Legal reserve		-	-	-	24,203	(24,203)	-
Cash dividends	6(16)	-	-	-	-	(195,000)	(195,000)
Due to recognition equity component of convertible bonds issued	6(12)	-	-	109,648	-	-	109,648
Balance at December 31, 2024		\$ 390,000	\$ -	\$ 109,648	\$ 178,424	\$ 1,411,124	\$ 2,089,196

The accompanying notes are an integral part of these parent company only financial statements.

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 337,883	\$ 303,002
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(13)(21)	58,471	59,905
Amortisation expense	6(8)(13)(21)	5,444	4,671
Expected credit gain	12(2)	(3,521)	(9,670)
Amortisation on long-term deferred revenue	6(6)(8)(13)	(23,359)	(42,229)
Gain on financial assets at fair value through profit or loss	6(19)	(150)	-
Gain on disposal of property, plant and equipment	6(19)	(8)	-
Interest expense	6(7)(20)	7,403	2,083
Interest income	6(18)	(22,142)	(21,849)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(5)	(54,336)	(37,584)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(1,850)	(15,012)
Accounts receivable		6,557	(16,925)
Other receivables		(2,419)	(2,228)
Inventories		(150,433)	(28,969)
Prepayments		5,667	2,147
Changes in operating liabilities			
Notes payable		-	(960)
Accounts payable		7,765	(2,281)
Accounts payable – related party		(4)	4
Other payables		(4,961)	23,752
Other payables - related parties		(15,143)	18,266
Current provisions		210	(102)
Other current liabilities, others		13,431	(5,083)
Long-term deferred revenue	6(13)	55,952	47,889
Non-current net defined benefit liability		208	201
Cash inflow generated from operations		220,665	279,028
Interest received		22,142	21,849
Dividends received	6(5)	37,668	24,412
Interest paid		(2,004)	(2,083)
Income tax paid		(86,029)	(41,267)
Net cash flows from operating activities		192,442	281,939

(Continued)

DREWLOONG PRECISION, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		(\$ 641,018)	(\$ 484,726)
Proceeds from disposal of financial assets at amortised cost		534,397	321,489
Acquisition of property, plant and equipment	6(25)	(255,889)	(37,071)
Acquisition of intangible assets	6(8)	(12,655)	(291)
Increase in prepayments for business facilities		(17,020)	(2,113)
Proceeds from disposal of property, plant and equipment		1,360	-
(Increase) decrease in guarantee deposits paid		(248)	89
Decrease (Increase) in other non-current assets - others		70	(186)
Net cash flows used in investing activities		(391,003)	(202,809)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(26)	(5,522)	(7,247)
Proceeds from issuing bonds	6(26)	581,045	-
Cash dividends paid	6(15)(16)	(195,000)	(75,400)
Net cash flows from (used in) financing activities		380,523	(82,647)
Net increase (decrease) in cash and cash equivalents		181,962	(3,517)
Cash and cash equivalents at beginning of year	6(1)	424,534	428,051
Cash and cash equivalents at end of year	6(1)	<u>\$ 606,496</u>	<u>\$ 424,534</u>

The accompanying notes are an integral part of these parent company only financial statements.

Drewloong Precision, Inc.
Earnings Distribution Table
2024

Unit: NTD

Project	Amount
Balance at the beginning of the period	NT\$ 1,126,879,615
Add: Net profit after tax for the year	284,244,339
Less: Provision of 10% legal reserve	(28,424,434)
Distributable earnings	1,382,699,520
Distributable items:	
Cash dividends per share (NT\$ 4.74358974)	(185,000,000)
Stock dividends per share (NT\$ 0.25641026)	(10,000,000)
Undistributed earnings at the end of the period	<u>NT\$ 1,187,699,520</u>

Kun-Sheng Wang

Hsuan-I Chen

Tzu-Yen Tseng

Chairperson

Managerial Officer

Chief Accounting Officer

Drewloong Precision, Inc.

Comparison Table on Amendment of the “Articles of Incorporation”

Article	Revised Content	Current Content	Note
2	The business activities of the Company are as follows: 1. CD01060 Aircraft and Parts Manufacturing 2. CD01010 Ships and Parts Manufacturing 3. CD01990 Other Transport Equipment and Parts Manufacturing 4. CQ01010 Mold and Die Manufacturing 5. F114070 Wholesale of Aircraft and Component Parts Thereof 6. F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof 7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	The business activities of the Company are as follows: 1. CD01060 Aircraft and Parts Manufacturing 2. CD01010 Ships and Parts Manufacturing 3. CD01990 Other Transport Equipment and Parts Manufacturing 4. CQ01010 Mold and Die Manufacturing 5. F114070 Wholesale of Aircraft and Component Parts Thereof 6. <u>CA03010 Heat Treating</u> 7. F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof 8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	The scope of business operations is expanded in line with the Company's actual operational needs.
24	If the Company has surplus earnings in a year as concluded by the year-end accounting close, the Company shall first pay taxes, make up for past losses, and then set aside 10% as the Company's legal reserve, except when the legal reserve has reached the total capital. Then the Company shall set aside or reverse special in accordance with the law, after which, the remaining earnings together with the undistributed earnings at the beginning of the period are consolidated into the accumulated distributable earnings, which shall be the basis for the Board of Directors to make a proposal for earnings	If the Company has surplus earnings in a year as concluded by the year-end accounting close, the Company shall first pay taxes, make up for past losses, and then set aside 10% as the Company's legal reserve, except when the legal reserve has reached the total capital. Then the Company shall set aside or reverse special in accordance with the law, after which, the remaining earnings together with the undistributed earnings at the beginning of the period are consolidated into the accumulated distributable earnings, which shall be the basis for the Board of Directors to make a proposal for earnings	Revised in line with the Company's actual operational needs.

	distribution to the shareholders. (Omitted for brevity)	distribution to the shareholders. <u>Upon the attendance of more than two-thirds of the Directors and with the approval of a majority of the attending Directors, the Board of Directors may resolve to distribute all or part of dividends, bonuses, additional paid-in capital, or legal reserve in the form of cash, and shall report such resolution to the shareholders' meeting. This procedure shall not be subject to the resolution requirement of the first paragraph.</u> (Omitted for brevity)	
25	The Company shall appropriate 1% to 10% as profit-sharing remuneration for employees <u>and</u> not more than 3% as profit-sharing remuneration for directors based on the Company's profitability for the year, provided that the Company shall first make up for any losses. (Omitted for brevity)	The Company shall appropriate 1% to 10% as profit-sharing remuneration for employees. <u>No less than 70% of the total employee compensation shall be allocated to staff-level employees, while no more than 3% of the annual profit may be distributed as Directors' remuneration, depending on the profitability of the year,</u> provided that the Company shall first make up for any losses. (Omitted for brevity)	Amended in accordance with the Financial Supervisory Commission's letter No. 1130385442, dated November 8, 2024.
28	These Articles of Incorporation were established on July 5, 1990. The 1st amendments were made on May 18, 1999. (Omitted for brevity) The 18th amendments were made on July 27, 2021.	These Articles of Incorporation were established on July 5, 1990. The 1st amendments were made on May 18, 1999. (Omitted for brevity) The 18th amendments were made on July 27, 2021. <u>The 19th amendments were made on May 28, 2025.</u>	Inclusion of Amendment Dates and Number of Revisions

Rules of Procedure for Shareholder Meetings**Article 1:** Basis for the establishment

To establish an excellent governance system for the Company's shareholders' meeting, improve the supervisory function, and strengthen the management function, these Rules are formulated in accordance with the provisions of Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2: Applicable laws

Unless otherwise stipulated by laws or regulations, the rules of procedure for the Company's shareholders' meeting shall be governed by these Rules.

Article 3: Convening of shareholders' meetings and meeting notices

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.

Thirty days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting notice, proxy form, information on proposals for ratification, matters for discussion, election or dismissal of directors, and other matters on the shareholders' meeting agenda and upload them to the designated information reporting system on the Internet. Meanwhile, 21 days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda Handbook and the supplementary materials and upload them to the designated information reporting system on the Internet. However, in the case of the Company with the paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and investors in mainland China reached 30% or more as recorded in the shareholders' register at the time of holding of the shareholders' meeting in the most recent fiscal year, it shall upload the electronic file 30 days prior to the day on which the general shareholders' meeting is held. Fifteen days before the Company convenes a shareholders' meeting, it shall prepare the shareholders' meeting agenda Handbook and supplementary materials and make them available for the shareholders to obtain and review at any time. In addition, the Handbook shall be displayed at the Company and its professional shareholder service agency, and shall be distributed at the shareholders' meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and the public announcement. With the consent of the addressee, the meeting notice may be given in an electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of the removal of the non-compete clause for the directors, capitalization of earnings, capitalization of legal reserve, dissolution, merger, or demerger of the Company, or any matter in each subparagraph under Article 185, paragraph 1 of the Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the shareholders' meeting. None of the above matters may be raised by an extempore motion; the main contents may be placed on the website designated by the competent securities authorities or the Company, and the website address shall be included in the notice.

Where an election of all directors and their inauguration date shall be stated in the notice of the shareholders' meeting, after the completion of the election in said meeting, such inauguration date may not be altered by

any extempore motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of the issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. The number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of Paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholders' proposals in writing or by electronic means and the venue and time period for their submission; the period for acceptance of shareholders' proposals may not be fewer than 10 days.

Each of such proposals is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

Article 4: Attendance at shareholders' meetings and proxy

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.

Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5: Principles for the venue and time of a shareholders' meeting

The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to independent directors' opinions with respect to the place and time of the meeting.

Article 6: Preparation of a sign-in book and other documents

The Company shall specify in the meeting notice the time and place for the sign-in of the shareholders, solicitors, and proxies (hereinafter referred to as "shareholders"), and other related matters.

The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with a sign-in book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda Handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished.

When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

Article 7: Chair of the shareholders' meeting and attendees in a non-voting capacity

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson. When the Chairperson is on leave or unable to exercise the powers as the chair for any reason, the Vice Chairperson shall chair the meeting on his behalf. Where there is no such a position as Vice Chairperson or the Vice Chairperson is on leave or unable to exercise the powers as the chair for any reason, the Chairperson shall appoint one of the managing directors to act as the chair. Where there is no such a position as managing director, the Chairperson shall appoint one of the directors to act as the chair. Where the Chairperson fails to make such a designation, the managing directors or directors shall select, from among themselves, one person to serve as the chair.

When a managing director or director serves as the chair, as referred to in the preceding paragraph, the director shall have held that position for six months or more with great understanding of the Company's financial position and business conditions. The same shall apply for a representative of an institutional director to serve as the chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairperson in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

Where a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: Evidence of the audio or video recordings of the shareholders' meeting

The Company shall make an uninterrupted audio and video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting.

The audio and video recording in the preceding paragraph shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9: Attendance at shareholders' meetings shall be counted based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by sign-in book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or

electronically.

The chair shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting, among other related information. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the meeting chair shall announce the meeting to be aborted.

If there are not enough shareholders representing at least one third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10: Proposal discussion

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on the proposals on the agenda one by one (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution by the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders to continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: Speeches by shareholders

Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech is not in alignment with the subject on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.

Attending shareholders may not interfere with the speaking shareholders without the Chairperson's consent

and the speaking shareholders. The Chairperson will have the violating shareholders stopped.

When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12: Counting of voting shares and a recusal policy

Votes cast at shareholders' meetings shall be calculated based on numbers of shares.

With respect to resolutions by a shareholders' meeting, the number of shares held by a shareholder without voting rights shall not be calculated as part of the total number of outstanding shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of the issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.

Article 13: (Methods for voting, scrutineering, and vote counting)

Each shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder's exercise of voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extempore motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. If the shareholder exercises the voting right in writing or by electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised

by the attending proxy at the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the public offering of the Company's shares, at the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chair, provided all scrutineers be shareholders of the Company.

Vote counting for proposals or elections at a shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and recorded.

Article 14: Elections

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and those who lost the election and the numbers of votes each candidate won.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15: Meeting minutes and documents to be signed

Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by a public announcement through the Market Observation Post System

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16: Public announcement

On the day of a shareholders' meeting, the Company should compile in the prescribed format a statistical statement of the number of shares obtained by solicitors and the number of shares represented by proxies, and shall make an express disclosure in the shareholders' meeting.

If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations

or Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the content to the designated information reporting system on the Internet prior to a deadline.

Article 17 : Maintenance of the order of the venue

Staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or an armband.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification badge or an armband, reading "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: Recess and resumption of a shareholders' meeting

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: These Rules and all amendments thereto shall be enforced upon approval by a shareholders' meeting.

Articles of Incorporation of Drewloong Precision, Inc.**Chapter 1 General Provisions**

- Article 1: The Company shall be organized under the provisions of the Company Act and shall be known as Drewloong Precision, Inc.
- Article 2: The business activities of the Company are as follows:
1. CD01060 Aircraft and Parts Manufacturing
 2. CD01010 Ships and Parts Manufacturing
 3. CD01990 Other Transport Equipment and Parts Manufacturing
 4. CQ01010 Mold and Die Manufacturing
 5. F114070 Wholesale of Aircraft and Component Parts Thereof
 6. F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof
 7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may provide external guarantees for business purposes in accordance with the Company's procedures for endorsement and guarantee .
- Article 4: The Company shall establish its head office in Kaohsiung City and, if necessary, establish domestic and foreign branches by resolution of the Board of Directors .
- Article 5: The Company's announcement shall be conducted in accordance with the Company Act and other relevant laws and regulations.

Chapter 2 Shares

- Article 6: The Company's total capital is NT\$0.6 billion, which is divided into 60 million shares with a par value of NT\$10 per share, and the Board of Directors is authorized to issue unissued shares in tranches.
- Of the capital under the preceding paragraph, an amount of NT\$50 million is reserved for the issuance of employee stock options for a total of 5 million shares with a par value of NT\$10 per share, and the Board of Directors is authorized to issue them in tranches in accordance with the actual needs.
- Article 7: The Company may issue the shares without printing the stocks, but the shares should be registered with the centralized securities depository institution.
- Changes in the shareholders' roster shall be made in accordance with Article 165 of the Company Act.
- Article 8: The targets for transfer of repurchased shares transfer, targets for issuance of employee stock options, targets for subscription of new shares for employees, and targets for issuance of new

employee restricted stocks in accordance with the Company Act may include employees of the controlling or subordinate companies who meet certain criteria. The Board of Directors is authorized to resolve the terms and conditions and the method of distribution.

Chapter 3 Shareholders' Meetings

Article 9: There are two types of shareholders' meetings: regular meetings and extraordinary meetings. Regular meetings are held at least once a year and are convened by the Board of Directors within six months after the end of each fiscal year in accordance with the law. An extraordinary meeting can be convened according to the law when necessary.

The procedures for convening and announcing shareholders' meetings shall be in accordance with Article 172 of the Company Act.

Article 10: If the shareholders' meeting is convened by the Board of Directors, the Chairperson shall be the Chair. If the Chairperson is absent from work or unable to exercise his or her duties for any reason, his or her acting person shall be governed by Article 208 of the Company Act.

Article 11: A shareholder who cannot attend the shareholders' meeting for reasons may have the proxy form of the company issued with the scope of authorization detailed and signed or sealed for the proxy to attend the meeting instead

In addition to the relevant provisions of the Company Act, the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the competent authorities should be followed for the use of the proxy form and proxy attendance of shareholders' meetings.

Article 12: Each shareholder of the Company shall have one voting right per share, except for those shares subject to restrictions or not entitled to voting rights under the Company Act.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

The resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting and shall be conducted in accordance with Article 183 of the Company Act.

When the Company convenes a shareholders' meeting, electronic means shall be included as one of the channels for exercising voting rights.

Article 14: If the Company wishes to cancel the public offering of shares, it shall handle such matter in accordance with Article 156-2 of the Company Act.

Chapter 4 Directors and the Audit Committee

Article 15: The Company shall have seven to nine directors who are elected for a three-year term and are eligible for re-election.

Of the total number of directors mentioned above, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. The professional qualifications, shareholdings, restrictions on concurrent employment,

determination of independence, nomination and election of independent directors and other matters to be complied with shall be governed by the relevant securities laws and regulations.

The election of directors of the Company shall be conducted in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be nominated separately but elected together and the number of elected seats should be counted separately.

The election of directors is based on the candidate nomination system, and the shareholders' meeting shall elect the directors from a list of candidates in accordance with the provisions of Article 192-1 of the Company Act.

Article 16: The Board of Directors shall be organized by the directors. The Chairperson shall be elected by more than half of the directors present at a board meeting attended by at least two-thirds of all directors from among themselves. The Chairperson shall represent the Company externally.

Unless otherwise provided in the Company Act, the Board of Directors' meetings shall be convened by the Chairperson at least quarterly, and the reason for convening the meetings should be stated with notice to the directors seven days in advance. However, the Board of Directors' meetings may be convened at any time in case of emergency. Notice of the Board of Directors' meetings may be given in writing, by facsimile or electronic means.

Article 17: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Matters relating to the resolutions by a board meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

Article 18: The Chairperson should be the Chair of board meetings. If the Chairperson is absent from work or unable to exercise his or her duties for any reason, his or her acting person shall be governed by Article 208 of the Company Act.

Each director shall attend the board meeting in person. If a director is unable to attend the meeting for any reason, they may entrust another director to attend as proxy in accordance with Article 205 of the Company Act. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

A board meeting may be held by video conference, and directors who participate in the meeting by video conference shall be deemed to have attended the meeting in person.

Independent directors may appoint proxies to attend board meetings, and the proxies appointed to attend the board meetings must be independent directors. Regular directors may not be proxies for independent directors.

Article 19: The remuneration of the Company's directors is authorized to be determined by the Board of Directors based on the extent of the directors' participation in the Company's operations and the value of their contributions, and with reference to the industry standards.

The remuneration of independent directors is authorized to be determined by the Board of Directors with reference to the industry standards. However, independent directors shall not participate in the distribution of profit-sharing remuneration for directors.

Article 20: The Company is required by law to purchase liability insurance for directors during their term of office in respect of their legal liability for the performance of their business, and the amount and coverage of such insurance is authorized to be determined by the Board of Directors and reported to the Board of Directors at its next meeting.

Article 21: The Company has established an audit committee consisting of all independent directors in accordance with the Securities and Exchange Act. The authorities and responsibilities of the Audit Committee and other matters to be followed shall be in accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations and the Company's Articles of Incorporation.

Chapter 5 Managerial officers

Article 22: The Company may have several managerial officers in place. Their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 23: The Board of Directors at the end of each fiscal year shall prepare the following reports for the ratification of the shareholders' meeting in accordance with the law.

1. Business report.
2. Financial statements.
3. Earnings distribution or losses make-up proposal.

Article 24: If the Company has surplus earnings in a year as concluded by the year-end accounting close, the Company shall first pay taxes, make up for past losses, and then set aside 10% as the Company's legal reserve, except when the legal reserve has reached the total capital. Then the Company shall set aside or reverse special in accordance with the law, after which, the remaining earnings together with the undistributed earnings at the beginning of the period are consolidated into the accumulated distributable earnings, which shall be the basis for the Board of Directors to make a proposal for earnings distribution to the shareholders.

The Company's dividend policy is based on its current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders to distribute dividends to shareholders at a rate of no less than 10% of the distributable earnings newly generated each year, in cash or in stock, with cash dividends of not less than 10% of the total dividends distributed.

Article 25: The Company shall appropriate 1% to 10% as profit-sharing remuneration for employees and not more than 3% as profit-sharing remuneration for directors based on the Company's profitability for the year, provided that the Company shall first make up for any losses.

Profit-sharing remuneration for employees may be made in stock or cash and may be made to employees of controlling or subordinate companies who meet certain criteria, the terms and distribution method of which are authorized to be determined by the Board of Directors. Profit-sharing remuneration for directors can only be paid in cash.

The profitability for the year mentioned in Paragraph 1 refers to the profit before tax before distribution of profit-sharing remuneration for employee remuneration and profit-sharing remuneration for directors.

The distribution of profit-sharing remuneration for employees and profit-sharing remuneration for directors shall be resolved by the Board of Directors, with the presence of two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting.

Chapter 7 Supplementary Provisions

- Article 26: The total amount of the Company's investments in other businesses shall not be subject to the restriction of Article 13 of the Company Act that the total amount of the Company's investments in other businesses shall not exceed 40% of the paid-in capital.
- Article 27: Matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.
- Article 28: These Articles of Incorporation were established on July 5, 1990.
The 1st amendments were made on May 18, 1999.
The 2nd amendments were made on December 6, 2000.
The 3rd amendments were made on March 15, 2001.
The 4th amendments were made on June 1, 2001.
The 5th amendments were made on September 10, 2001.
The 6th amendments were made on June 30, 2002.
The 7th amendments were made on April 6, 2005.
The 8th amendments were made on March 28, 2006.
The 9th amendments were made on March 21, 2007.
The 10th amendments were made on January 12, 2009.
The 11th amendments were made on May 12, 2009.
The 12th amendments were made on May 16, 2011.
The 13th amendments were made on December 25, 2013
The 14th amendments were made on December 23, 2014
The 15th amendments were made on June 15, 2016.
The 16th amendments were made on December 18, 2017
The 17th amendments were made on July 26, 2018.
The 18th amendments were made on July 27, 2021.

Drewloong Precision, Inc.

Shareholding of All Directors

- I. The paid-in capital of the Company is NT\$390,000,000 and the number of shares issued is 39,000,000.
- II. In accordance with Article 26 of the “Securities and Exchange Act” and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the Company has more than 2 Independent Directors and the minimum shareholding of all Directors other than Independent Directors is reduced to 80%. Therefore, the minimum number of shares to be held by all Directors of the Company is 3,600,000 shares.
- III. As of March 30, 2025, the date on which share transfer registration is suspended for the annual shareholders' meeting, the actual number of shares held by all Directors of the Company was 7,862,218, and the shareholdings of individual Directors were as follows:

Title	Name	Number of shares held recorded on the shareholders' roster as at the date of suspension of stock transfer	
		Number of shares held	Shareholding percentage
Chairperson	Hong Long Investment Co., Ltd. Representative: Kun-Sheng Wang	6,219,708	15.95%
Director	Sheng Shi Investment Co., Ltd. Representative: Hsuan-I Chen	1,452,926	3.73%
Director	Wen-Yu Li	67,310	0.17%
Director	Ming-Tsung Wang	122,274	0.31%
Independent Director	Shu-Hsien Hu	-	-
Independent Director	Yi-Tung Wan	-	-
Independent Director	Chih-Peng Chen	-	-
Total of all Directors		7,862,218	20.16%