

Stock Code :
5474

YUAN

YUAN High-Tech Development Co., Ltd.

2023

Annual Report (Translation)

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Notice to Readers:

For the convenience of readers, the Annual Report has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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V. Overseas Securities Exchange: None

VI. Company Website:<https://www.yuan.com.tw/>

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Chapter 1. Letter to Shareholders

Business Report of YUAN High-Tech Development Co., Ltd.

I. 2023 Annual Business Results

(I) Business Plan Implementation Results

The Company's net revenue for 2023 was NT\$1,180,609 thousand, representing a decrease of NT\$192,164 thousand or 14% compared with the previous year. 2023 annual net profit after tax of NT\$201,539 thousand, net profit after tax decreased by 35.88% compared with 2022.

(II) Budget implementation: Not applicable

(III) Analysis of Financial Revenues and Profitability

Analysis Item		2022	2023	
Financial Revenue and Expenditure	Non-Operating Income (in thousands)	45,053	23,171	
	Non-Operating Expenses (in thousands)	2,828	2,227	
Profitability	Return on assets (%)	15.13	9.29	
	Return on equity of shareholders (%)	18.48	11.30	
	Percentage of paid-in capital (%)	Operating Income	84.38	59.32
		Pre-tax net profit	94.84	64.51
	Net profit margin (%)	22.90	17.07	
Earnings per share (NT\$)	7.91	5.07		

(IV) Research Development Status:

1. Technology and R&D Overview

Founded in 1990 and headquartered in Taiwan, YUAN High-Tech (Upper Cabinet Stock Code: 5474) is mainly engaged in the design, development and manufacture of high-quality OEM/ODM image capture cards, video and video conversion boxes, multimedia streaming codecs and artificial intelligence embedded systems and software integration related businesses.

In recent years, the outbreak of the coronavirus has had a significant impact on various sectors worldwide. People's daily lifestyles, social patterns, and work methods have all changed. Additionally, geopolitical risks and trade barriers have also affected supply chains and global business to some extent. In response to these changes, the Company has identified potential new opportunities and challenges. In terms of research and development, we prioritize interdisciplinary collaboration and innovative product planning based on emerging technological trends. With our R&D team's expertise in hardware, drivers, firmware, Field Programmable Gate Array (FPGA), and Software Development Kit (SDK), we are able to vertically integrate different hardware modules and software components. By leveraging hardware components from chip suppliers and combining them with our strong FPGA technology and R&D capabilities, we can overcome existing technical limitations and make design improvements. Furthermore, we promptly respond to market and customer demands to maximize business benefits. On the other hand, the Company also continues to invest a lot of resources in upgrading its production technology to achieve a market niche and differentiate itself from its competitors by offering the widest and most diverse range of products to meet market changes and customer needs through continuous product evolution.

The growing demand of the multimedia industry has made the development and launch of products such as audio and video streaming, high-definition recording and

broadcasting attract continuous attention. At present, the 4K60 product line is quite complete, and the products provided include video signal capture cards (boxes), hardware compressed video capture cards, video converters, streaming video codecs and AI-related technologies required by various industries. In order to meet the needs of the market, the Company develops 8K ultra-high-resolution video signal capture products to provide users with the ultimate video experience; at the same time, the company is developing 8K ultra-high-resolution video codecs, ultra-high-resolution video converters and video streaming boxes that support the new generation of radio and television specifications to meet the arrival of the next generation of multimedia video. The Company is fully committed to the research and development of cutting-edge audio-visual and digital surveillance products and technology applications, expanding and cultivating our R&D workforce, and investing in a variety of related testing instruments and signal simulation equipment to ensure that all new products can pass and obtain relevant national testing certifications and safety regulations before they are launched.

The image capture industry has entered a highly integrated era. YUAN High-Tech has developed a video capture card that can provide low latency output. In addition to the original capture function, this card also includes the ability to overlay commentary on the captured images. This feature is essential for image applications, such as overlaying AI-generated images or textual information on surgical images, which greatly aids doctors. In addition, the extensive applications of artificial intelligence in image capture, such as safety monitoring, smart homes, smart cities, and factory automation, have been expanding. The Company has actively invested in the development of image AI-related technologies in recent years. Our goal is to leverage our customer base and experience in audiovisual software technology to support existing customers of video capture cards. For instance, we offer customers integrated image capture, artificial intelligence, and machine learning technologies, along with tools and resources for image processing, medical image analysis, visualization, and data management. By utilizing these image capture functionalities, medical equipment manufacturers can easily develop more accurate, intelligent, and efficient medical imaging devices.

Overall, seamlessly engages artificial intelligence technology, but also the learning function into the embedded system single chip (SoC: System on a Chip) application, enhancing product value, the scope of imaging services, including, intelligent transportation, medical image recognition, face recognition, passenger flow analysis, behavioral analysis... and etc. Through in-depth B2B exchanges and cooperation with end customers of the industry, for the application to activate intelligence of the image data accumulated by customers with our solid technology. We have discussed with the customers in all segments ranging from development of AI algorithms, the setting up of image databases, the design of special identification software, and the setting up of inference models, in order to help our customers to achieve real AI technology landing. At present, our AI technology has landed cases all over Taiwan.

At the end of 2023, it also built Taiwan's top imaging AI technology development center at the headquarter of YUAN High-Tech, and actively participated in various intelligent construction projects of the government. In the future, the company will continue to focus on product innovation and technology development to provide better products and services to meet the changing needs of customers.

2. Technologies or products successfully developed by the company in 2023
 The following technologies or products were successfully developed during the year:
- ◆ 2x12G SDI HDMI20 TO 12G SDI HDMI20: 2-channel UHD 4K60 12G-SDI/HDMI20 3D conversion box
 - ◆ 2xSDI HDMI to SDI HDMI: 2-channel HD SDI/HDMI 3D conversion box
 - ◆ PD570 TVI: USB UVC interface TVI HD video capture card
 - ◆ PD575 SDI: USB UVC interface SDI HD video capture card
 - ◆ VPP6N0: 275 TOPS AI video and audio processing platform
 - ◆ VPP6N0 NX-MB: 100 TOPS AI video and audio processing platform
 - ◆ VPP6N0-S NX-MB: 100 TOPS small AI video and audio processing platform
 - ◆ VPP6N0-S NX PSE: 100 TOPS AI and 4-channel PSE small AI video and audio processing platform
 - ◆ M2 710 N1 12G SDI+HDMI20: 1-channel M.2 interface 12G-SDI/HDMI2.0 4K60 UHD video capture card
 - ◆ M2 400 N1 SDI: 1-channel M.2 interface SDI HD video capture card
 - ◆ DP to SDVoE V2: DP to SDVoE UHD encoder
 - ◆ SDVoE TO DP V2: SDVoE to DP UHD decoder
 - ◆ SDVoE TO HDMI20 plus: SDVoE to HDMI2.0 UHD decoder
 - ◆ SC6E0 N1 IPUVC TO HDMI20: 1-channel IP/UVC to HDMI2.0 UHD decoder
 - ◆ SC6F0 N1 HDMI2 Plus: 1-channel HDMI2.0 4K60 UHD encoder/decoder
 - ◆ SC400 N1 MC SDI: 1-channel MiniPCIE interface SDI HD video capture card
 - ◆ SC400 N4 MC TVI: 4-channel MiniPCIE interface TVI HD video capture card
 - ◆ SC400 N1 MC AIO: 1-channel MiniPCIE interface HDMI/SDI/analog signal HD video capture card
 - ◆ SC400 N1L HDMI: 1-channel HDMI HD video capture card
 - ◆ SC400 N1L SDI: 1-channel SDI HD video capture card
 - ◆ SC400 N1L SDI+HDMI: 1-channel SDI/HDMI HD video capture card
 - ◆ SC410 N2 HDV: 2-channel DVI-I HD video capture card
 - ◆ UB700G HDMI 21 HID: USB UVC interface HDMI21 8K60 HID UHD video capture card
 - ◆ UB576G HDMI20 HID: USB UVC interface HDMI20 4K60 HID UHD video capture card
 - ◆ UB575G HDMI20 HDR HID: USB UVC interface HDMI20 4K60 HDR HID UHD video capture card
 - ◆ UB575G HDMI21 HDR HID: USB UVC interface HDMI21 8K60 HDR HID UHD video capture card
 - ◆ UB575 AIO: USB UVC interface DVI-I/SDI HD video capture card
 - ◆ DANTE AV ULTRA HDMI20 CONVERTER: Dante AV Ultra/HDMI2.0 4K60 UHD audio and video conversion box

II. 2024 Annual Business Plan Summary

This year, the company will continue to use ultra-high-resolution image capture cards, video converters and AV over IP streaming video multimedia products as the main marketing force, and we intend to enhance our video capture cards by incorporating a low-latency image overlay function. By integrating image overlay capabilities, our capture cards can be utilized in conjunction with artificial intelligence to develop a wide range of applications, thereby creating numerous business opportunities.

Multimedia video, digital monitoring, Internet of Things (IoT), AI-related applications market is booming, due to the maturity of mobile networks and the expansion of network bandwidth, the popularization of portable devices, as well as upstream suppliers of

technology development, in 2023, related products and equipment will also have a significant market and consumer.

The Company's products in the field of AV over IP streaming audio and video cover the product layout of 100m to 25g, and focus on the development of intelligent edge computing to accelerate the speed of AI image processing, provide customers with better solutions, and participate in indicative exhibitions around the world to pay attention to market and technology trends, and formulate medium and long-term product design and development direction through actual customer facing, dynamically adjust product market positioning and development direction to master the initiative and maintain product competitiveness.

Through in-depth cooperation with upstream chip suppliers, coupled with self-designed FPGA lines, develop and research products based on various video processing and remote control combinations, at the same time strictly control the production quality and stability of products, and reasonably control production costs, strive for the best balance between cutting-edge software and hardware design and production, in order to provide customers with highly competitive video and audio solutions.

III. Future Development Strategies

The product line incorporates image capture and recording, AI machine learning, and image overlay.

The company will develop an integrated: (I) image capture and recording, (II) AI machine learning, and (III) Overlay image of AI image capture output card.

The term AI image overlay refers to the application of artificial intelligence technology to combine different image data, allowing for a more comprehensive analysis of information. The company is developing an AI image capture output card, which is a technology that captures an image, processes it using AI, and overlays it onto the original captured image. This technology has various applications, such as medical imaging, geographic information system data, and surveillance cameras, enabling more comprehensive real-time analysis and evaluation.

Leading the Future of Ultra-High-Resolution Extraction

In order to meet the market demand for high-speed image display, 2023 released the world's first 8K60/4K120 ultra-high magnification image capture card, 8K UHD image can be presented completely clear and sharp, especially suitable for sports live, e-sports games and other fields, so that users have the most fluent ultra-high-definition picture on the general display screen.

In response to market demand, we continue to launch a full line of products that support ultra-high resolution related interface cards and conversion boxes, including PCIe/miniPCIe/M.2/MIPI image capture cards, USB 2.0/3.0/3.2 image capture boxes, 2D/3D video conversion boxes and video streaming encoders, and launch the world's first 8K60/4K120 ultra-high magnification image capture card in 2023. Such a product line is especially suitable for sports live, e-sports games and other fields, so that users have the most fluid ultra-high-definition screen on the general display screen, but also in line with the 8K ultra-high resolution and AV over IP trend. Various audio-visual products across all interfaces use the same set of drivers and SDKs that are compatible with mainstream Windows, Linux, NVIDIA Jeston and macOS operating systems, and the cross-platform design provides a consistent video framework to improve product compatibility and ease of use.

Low latency and stable and reliable AV over IP product layout

AV over IP offers numerous advantages, including extensive scalability and flexibility, enabling cost-effective transmission of high-quality video and audio. Consequently, the market demand for AV over IP applications, such as security monitoring, smart homes, video conferencing, digital billboards, and educational technology, continues to rise. The AV over IP technology market has vast potential, and the Company will continue to offer comprehensive technical, integration, and solution services to meet the growing demand for AV over IP equipment and the opportunities for equipment upgrades.

With the popularity of 4K resolution, more and more application scenarios need to support high-resolution image streaming, AV over IP system can achieve high definition, low latency and stable and reliable video transmission, thereby improving work efficiency and comprehensive cost-effectiveness, in order to achieve high-quality 4K60 streaming, our AV over IP product line spans 100m to 25g, providing a variety of efficient encoding schemes, including H.264, H.265 and AV1. These coding schemes not only support up to 4K60 resolution and high-quality image effects, but also provide low latency and high stability of streaming transmission.

Different streaming protocols are used for different application scenarios, such as RTSP, RTMP, SRT, and TS. In order to facilitate customer use, our AV over IP product line is constantly expanding the communication protocol, and at the end of 2022, we released a streaming codec transceiver that can support NDI ®, NDI ® | HX and SDVoE protocols at the same time, which supports a variety of different streaming formats to meet customer needs in different application scenarios.

Image Processing Platform with Artificial Intelligence

The artificial intelligence image processing platform enables more accurate image recognition, analysis, and application. For instance, in medical image processing, it can be utilized for automated analysis and diagnosis of medical images. In the industrial sector, it can be applied to visual inspection and quality control on production lines. In security surveillance, it can be employed for applications such as facial recognition and dynamic object detection in monitoring systems. In agriculture, it can be utilized for image analysis in farming. In transportation and logistics, image processing technology can be used for traffic monitoring, intelligent parking, and optimized delivery routes. In response to the development trend of high-resolution image processing platforms integrating artificial intelligence technology, YUAN High-Tech continues to integrate advanced artificial intelligence technology on image capture and embedded systems, relying on real-time, non-destructive, easy installation and other advantages, while continuously optimizing the AI inference module of edge computing to accelerate the speed and accuracy of image analysis, developing an intelligent image processing platform for industry applications, providing high-quality, delay-free intelligent image application solutions through efficient image processing. We are committed to meeting the overall system requirements from the front end to the back end.

IV. The impact of the external competitive environment, regulatory environment and overall business environment

● Application of Image Technology in Edge Embedded Devices

The business opportunity of edge computing refers to the relocation of computing and data storage capabilities to edge devices that are closer to the data source to achieve faster processing and real-time feedback. Although the computing power of edge computing embedded computers continues to improve, if the algorithms for processing images are too complex, it may lead to excessive power consumption or poor heat dissipation, thereby affecting system stability and lifespan. Additionally, image data is typically large,

and transmitting a significant amount of image data from the camera to the embedded computer for processing often leads to data loss or transmission delays, resulting in inaccurate image analysis results.

Therefore, in edge computing embedded computer for image processing, optimization and improvement are required in hardware, software and system architecture to ensure the efficiency and accuracy of image processing, while ensuring the stability and security of the system.

- **Advanced AI Analytics Industry Solutions**

With the continuous development of monitoring technology, all walks of life to protect asset safety, improve production efficiency, maintain public order and other needs are also getting higher and higher. For example, enterprises can prevent theft and protect intellectual property rights through surveillance systems; medical institutions can improve ward security and protect patient privacy through video surveillance; and government agencies can maintain social security and reduce crime through surveillance systems. However, the use of artificial intelligence image analysis technology may also bring some social and ethical issues, such as privacy protection, fairness, etc., that must be carefully considered and solved.

- **AV over IP Multimedia Streaming Integration Application**

Streaming video and audio signals need to be encoded, compressed, packaged and transmitted from the transmitting end to the receiving end, in the transmission process, high-quality images require greater bandwidth, if encoded and compressed improperly, it may lead to poor picture quality, especially for applications that require high-quality images.

In the field of AV over IP, each industry has its own characteristics and application scenarios, and the specific choice should be decided according to needs. 100m is usually used in video conferencing, remote monitoring, live broadcasting and other fields such as RTSP, RTMP, HLS, SIP, WebRTC, ONVIF, SRT, NDI | Hx, Dante AV-H. 1G bandwidth can achieve low-latency, high-quality video transmission, commonly used in the advertising TV industry video production, virtual studio, etc., related to Full NDI and Dante AV-UTRLA and other communication protocols. By 10g, compared to other AV over IP solutions, SDVoE uses proprietary codecs to achieve 4K60 4: 4: 4 latency-free transmission and even supports 8K video transmission.

There are many different technical standards and equipment in the field of AV over IP, and the biggest challenge may be incompatibilities between devices, resulting in installation and operation difficulties. Therefore, it is crucial to ensure interoperability and compatibility between AV over IP technologies across different devices and systems.

Chairman	Zhao, Xi-Zheng
General Manager	Lin, Hong-Pei
Accounting Supervisor	Luo, Jia-Ling

Chapter 2. Company Profile

I. Established: October 1, 1990

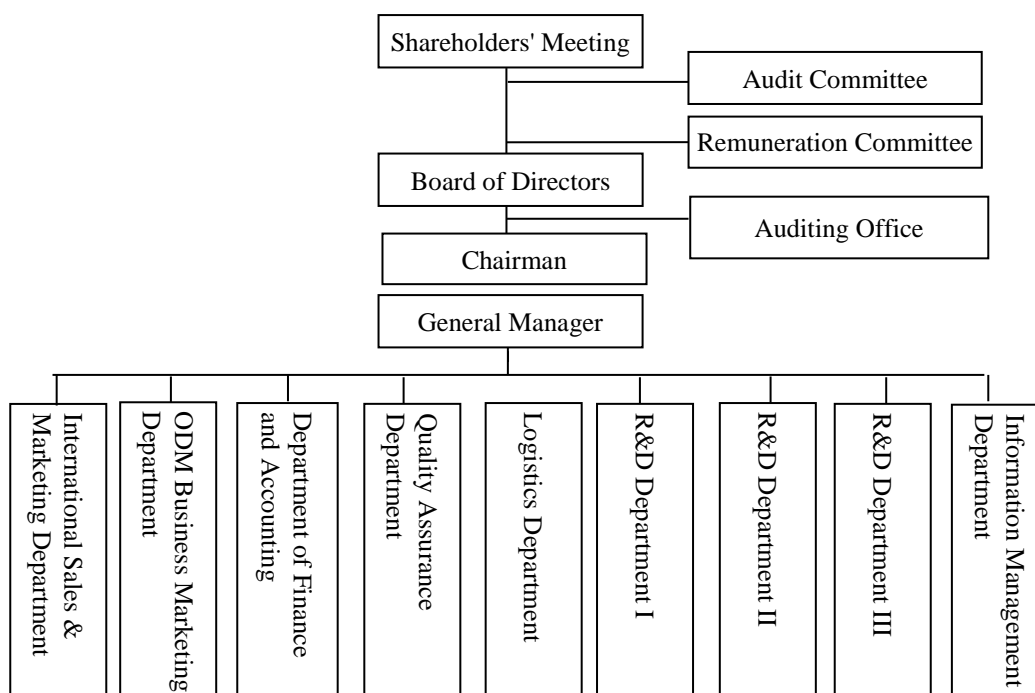
II. Company History:

1. October 1990 Established with a capital of NT\$5 million, formerly known as YUAN CO., LTD., had engaged in the trading of electronic and computer parts
2. July 1994 Increased capital to NT\$15 million in cash, increased capital to NT\$20 million, expanded the business scale and reorganize into a joint-stock company
3. July 1995 In order to expand our business, we moved to Dongxing Road in Taipei
4. March 1996 Increased capital to NT\$20 million in cash and increased capital to NT\$40 million
5. June 1997 Increased capital to NT\$80 million in cash and increased capital to NT\$120 million
6. April 1998 Increased capital of NT\$30 million in cash and increased capital to NT\$150 million
7. July 1998 Leased a plant in Taoyuan, purchased machinery and equipment, and officially set up a production line.
8. July 1998 Official opening of the new plant in Taoyuan
9. December 1998 Transact NT\$60 million in cash and NT\$30 million in surplus, increasing the capital to NT\$240 million only
10. October 1999 The amount of paid-in capital increased to NT\$256,600,000 from surplus to capital increase of NT\$12,660,000
11. October 2000 The amount of paid-in capital increased to NT\$265,973,000 from surplus to capital increase of NT\$13,313,000
12. January 2001 Company moved to Ruiguang Road, Neihu District, Taipei
13. March 2001 Company Stock Over-the-Counter
14. October 2001 Company moved to Dunhua North Road, Taipei
15. December 2001 Transferred surplus to increase capital by NT\$12,612,270, increasing paid-in capital to NT\$278,585,270
16. November 2003 The Company moved to the current address of Zhongxiao East Road, Taipei
17. July 2007 The capital increased to NT\$58,712,600, and the paid-in capital increased to NT\$337,297,870.
18. September 2021 Transfer of surplus to capital increased to NT\$66,261,570, and the paid-in capital increased to NT\$403,559,440

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization Chart



(II) The business of each major division:

Name of Department	Responsibility
Auditing Office	Audit, analyze abnormalities and make suggestions for improving the company's systems.
International Sales & Marketing Department	Promote sales, advertising, and product planning for domestic and international markets.
ODM Business Marketing Department	NOTE BOOK ODM manufacturer, product design, and sales.
R&D Department I R&D Department II R&D Department III	Development and design of new products, preparation of technical specifications and feasibility evaluation, and drafting and distributing product design drawings.
Quality Assurance Department	Responsible for quality control, product verification, and quality abnormality analysis.
Department of Finance and Accounting	(1) Responsible for company financial management, accounting, budget management, stock affairs, payroll, etc. (2) Planning and execution of all human resources matters. (3) Asset management, benefits and insurance operations.
Logistics Department	Responsible for production, manufacturing, materials and other related matters.
Information Management Department	(1) Management and maintenance of company information software and hardware equipment. (2) Establishment and maintenance of information security.

II. Information of Directors, Independent Directors, Supervisors and Key Managerial Personnel:

(I) Directors, Independent Directors and Supervisors:

1. Information of Directors, Independent Directors and Supervisors

April 15, 2024

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in the Company and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Chairman	R.O.C.	Zhao, Xi-Zheng	Male 61-70	2022.06.14	3	2007.06.13	0	0%	0	0%	20,400	0.05%	0	0%	* University of Alabama at Birmingham * Deputy General Manager of Palit Microsystems Ltd. * Chief Executive Officer of the Company	Chairman of the Company	N/A	N/A	N/A
Corporate Director	R.O.C.	Wei Sheng Investment Co., Ltd. (Note 1)	-	2022.06.14	3	2001.08.29	9,511,321	23.57%	9,381,321	23.25%	0	0%	0	0%	Corporate Director of YUAN HIGH-TECH DEVELOPMENT CO., LTD.	N/A	N/A	N/A	N/A
Representative of Corporate Director (Note 1)	R.O.C.	Sheng Sun	Male 71-80	2022.06.14	3	2006.06.09	9,511,321	23.57%	9,381,321	23.25%	0	0%	0	0%	* Department of International Trade, Feng Chia University * Changhua Bank Manager * Supervisor of the Company	Director of the Company	N/A	N/A	N/A
Director	R.O.C.	Li, Yao-Kui	Male 61-70	2022.06.14	3	2001.08.29	500,897	1.24%	500,897	1.24%	0	0%	0	0%	* National Chengchi University Graduate Institute * Independent Director, Taiwan Cooperative Bank * Chairman of Small & Medium Enterprise Credit Guarantee Funds of Taiwan	Vice-Chairman of the Company Certified accountant of Xinyi Accounting Firm	N/A	N/A	N/A
Director	R.O.C.	Lin, Hong-Pei	Male 41-50	2022.06.14	3	2019.06.12	0	0%	0	0%	0	0%	0	0%	* Institute of Information Engineering, Datong University * Deputy General Manager of R&D Department 2 of the Company	President of the Company	N/A	N/A	N/A

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in <u>the Company</u> and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Director	R.O.C.	Chen, Li-Min	Male 71-80	2022.06.14	3	1999.01.26	154,290	0.38%	154,290	0.38%	1,006,113	2.49%	0	0%	* Graduate School of Business Administration at National Chengchi University * Chairman of the Company	General Manager of Kuensun Construction	Director and Deputy General Manager	Yang, Shi-Huai	Brother-in-law
Director	R.O.C.	Yang, Shi-Huai	Male 51-60	2022.06.14	3	1999.01.26	901,126	2.23%	901,126	2.23%	0	0%	0	0%	* Institute of Information Electronics, National Central University * Vice President of R&D Department 1 of the Company	Deputy General Manager of R&D Department I of the Company	Director	Chen, Li-Min	Brother-in-law
Independent Director	R.O.C.	Guo, Dong-Long	Male 71-80	2022.06.14	3	2022.06.14	0	0%	0	0%	0	0%	0	0%	* Department of Public Administration, National Chung Hsing University * General Manager of E.Sun Commercial Bank, Ltd. * Chairman of E. Sun Venture Capital Co. Ltd.	* Independent Director of the Company * Independent Director of Union Commercial Bank Plc.	N/A	N/A	N/A
Independent Director	R.O.C.	Lin, Hao-Sheng	Male 51-60	2022.06.14	3	2022.06.14	0	0%	0	0%	0	0%	0	0%	* Kensington Technology Institute SKYWORKS * Cellphone Baseband design house manager director	* Deputy General Manager of Business Department of Nanjia Co., Ltd.	N/A	N/A	N/A
Independent Director	R.O.C.	Nian, Xiao-Jing	Female 41-50	2022.06.14	3	2022.06.14	10,800	0.27%	10,800	0.27%	0	0%	0	0%	* Doctoral Program, Institute of Clinical Medicine, National Taiwan University School of Medicine * Adjunct Assistant Professor at National Yang Ming Chiao Tung University and National Taiwan University	* Chief Executive Officer, Good Liver Foundation * Executive Director of the Taiwan Health Foundation * Adjunct Assistant Professor of National Taiwan University * Adjunct Attending Physician of Department of	N/A	N/A	N/A

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in <u>the Company</u> and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
															Family Medicine, National Taiwan University Hospital				

Note 1: Sheng Sun, the representative of Wei Sheng Investment Co., Ltd.

Note 2: Please list the actual age and express it in a range of 41~50 years old or 51~60 years old.

Note 3: Enter the time when you first became a director or supervisor of the Company, and include a note if there was an interruption.

Note 4: If you have worked for a certified public accountant firm or a related company during the preceding period, you should specify the position's title and responsibilities.

2. Major Shareholder

- (1) Directors and supervisors are representatives of corporate shareholders whose shareholding percentage is at least 10% or whose shareholding percentage is among the top 10 shareholders

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Corporate shareholder name (Note 1)	Major shareholders of corporate shareholders (Note 2)
Wei Sheng Investment Co., Ltd.	Yang, Yi-Lan: 14.00% Li, Shi-Long: 71.00% Li, Tsung-Han: 15.00%

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: Enter the names of the major shareholders of corporate shareholders of the corporation (the top ten in terms of their shareholding) and their shareholding percentages. If the major shareholder is a corporation, the following table 2 should be completed.

- (2) A substantial shareholder of a corporate shareholder who is a representative of a corporate shareholder

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Corporate shareholder name (Note 1)	Major shareholders of corporate shareholders (Note 2)
N/A	N/A

Note 1: If the major shareholder in Table 1 above is a legal entity, the name of the legal entity should be entered.

Note 2: Enter the names of the major shareholders of the corporation (the top ten in terms of their shareholding) and their shareholding percentages.

3. The information of the directors and independent directors and the circumstances listed below

(1) Disclosure of professional qualifications of directors and independence of independent directors:

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Zhao, Xi-Zheng	<ul style="list-style-type: none"> Chairman of the Company Former President of the Company Former Deputy General Manager of Palit Microsystems Ltd. There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0
Director Li, Yao-Kui	<ul style="list-style-type: none"> Vice Chairman of the Company Former Chairman of the Small & Medium Enterprise Credit Guarantee Funds of Taiwan Certified accountant of Xinyi Accounting Firm There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0
Director Lin, Hong-Pei	<ul style="list-style-type: none"> President of the Company Former Deputy General Manager of R&D Department 2 of the Company There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0
Representative of the Corporate Director Sheng Sun	<ul style="list-style-type: none"> Former Manager of Chang Hwa Bank Former Supervisor of the Company There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0
Director Chen, Li-Min	<ul style="list-style-type: none"> Director of the Company Former Chairman of the Company General Manager of Kuensun Construction There are no cases under Article 30 of the Company Act. 	1. He is related to Mr. Yang, Shi-Huai as a second-degree relative.	0
Director Yang, Shi-Huai	<ul style="list-style-type: none"> Deputy General Manager of R&D Department I of the Company There are no cases under Article 30 of the Company Act. 	1. He is related to Mr Chen, Li-Min as a second-degree relative.	0

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Guo, Dong-Long	<ul style="list-style-type: none"> • Independent Director of the Company • General Manager of E.Sun Commercial Bank, Ltd. • Chairman of E. Sun Venture Capital Co. Ltd. • Independent Director of Union Commercial Bank Plc. • There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	1
Independent Director Lin, Hao-Sheng	<ul style="list-style-type: none"> • Independent Director of the Company • Deputy General Manager of Business Department of Nanjia Co., Ltd. • There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0
Independent Director Nian, Xiao-Jing	<ul style="list-style-type: none"> • Independent Director of the Company • Chief Executive Officer of the Liver Disease Prevention & Treatment Research Foundation • Chief Executive Officer, Good Liver Foundation • Executive Director of the Taiwan Health Foundation • Adjunct Assistant Professor of National Taiwan University • Adjunct Assistant Professor of National Yang Ming Chiao Tung University • Adjunct Attending Physician of Department of Family Medicine, National Taiwan University Hospital • There are no cases under Article 30 of the Company Act. 	1. No spouse or relative within two degrees of kinship with other directors.	0

(2) Diversity and Independence of the Board of Directors:

The Board of Directors of the Company shall be accountable to the shareholders' meeting for the practices and arrangements of its corporate governance system and shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation or the resolution of the shareholders' meeting. All members of the Board of Directors shall have the knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors overall shall have:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. International perspective.
7. Ability to lead.
8. Ability of decision-making.

A. Board of Directors Diversity Information:

Board Diversity In order to strengthen corporate governance and promote the sound development of board composition and structure, the composition of the board of directors takes into consideration various needs such as the company's operational structure, business development direction, future development trends, and evaluates various diversity aspects, such as basic composition (e.g., gender, nationality, age, etc.), professional experience (e.g., banking, insurance, securities, asset management, etc.), and professional knowledge and skills (e.g., accounting, legal, information technology, risk management, etc.).

The current board of directors of the Company consists of nine directors, including three independent directors, and members have rich experience and expertise in the fields of finance, business and management. In addition, the Company also attaches importance to gender equality in the composition of its board of directors, with the current ratio of nine directors, including one female director, reaching 11.11%, and will strive to increase the number of female directors to one-third in the future. The relevant implementation scenarios are listed in the table below:

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Core Projects Name of Director	Basic Composition								Industry Experience				Professional capabilities				
	Country Citizenship	Gender	Employees of the Company	Age			Seniority of Independent Director			Bank	Securities	Insurance	Asset management	Account Manager	Law	Information Technology	Risk Management
				Below 60	61 ~70	71 ~75	3 years with below	3~9 Years	Over 9 years								
Zhao, Xi-Zheng	R.O.C.	Male	v	v											v		
Li, Yao-Kui	R.O.C.	Male	v		v					v				v			v
Lin, Hong-Pei	R.O.C.	Male	v	v											v		
Chen, Li-Min	R.O.C.	Male				v							v				v
Yang, Shi-Huai	R.O.C.	Male	v	v											v		
Sheng Sun	R.O.C.	Male				v				v							v
Guo, Dong-Long	R.O.C.	Male				v	v			v			v				v
Lin, Hao-Sheng	R.O.C.	Male		v			v								v		
Nian, Xiao-Jing	R.O.C.	Female		v			v						v				v

B. Management Succession Planning

According to the company's development direction and goals, in the company's succession planning, the successor must possess not only professional ability but also personality traits of honesty and integrity and values that are consistent with the company.

(A) Succession Planning for Board Members

At present, the Company has nine directors (including three independent directors), all of whom have the capabilities required for business, financial accounting or corporate business, and the structure of the Board of Directors and the background of the members of the Board of Directors of the Company will continue the current structure. Regarding the succession planning of the Board of Directors, we maintain good communication with the existing corporate shareholders from time to time and discuss the selection of the successor. As for the part of independent directors, they are required by law to have working experience in business, law, finance, accounting, or corporate business to be selected by professionals in the academic and industrial fields within the country.

(B) Management Succession Planning

The company regularly reviews and selects the potential list of each level, establishes a talent pool, and conducts training programs. The content of the talent development program includes professional ability, management ability, personal development plan and job rotation mode:

1. Through the mechanism of work practice reports and participation in important meetings on goals and management, we develop the ability to make decisions and provide feedback from senior managers through regular performance evaluations and help individuals develop guidance in the process.
2. Through cross-functional or cross-departmental job rotations, project task planning and execution, double-hatting, and work agency, we cultivate diversified working abilities and perspectives and provide practical experience.
3. Participate in internal and external related training to develop decision-making judgment according to individual development needs each year.
4. Establish a complete training record and regularly review the talent development plan to adjust according to the organization's operational needs.
5. We encourage middle and senior-level talents to give full play to their creativity and learn on their initiative by proposing further studies, research or diversified training and internship programs and let the company provide resource support or adjust the design of their duties to facilitate the diversity and toughness of the company's overall human resources.

Note 1: Professional Qualifications and Experience: Specify the professional qualifications and experience of individual directors and supervisors, and if they are members of the Audit Committee and have accounting or financial expertise, describe their accounting or financial background and work experience, and state whether they have not been subject to the provisions of Article 30 of the Company Act.

Note 2: The independent director shall state the circumstances of independence, including but not limited to whether they, their spouse, or a relative within the second degree of consanguinity is a director, supervisor or employee of the Company or its affiliates; the number and proportion of shares held by them, their spouse, or a relative within the second degree of consanguinity (or in the name of another person); whether they are a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies); and the amount of compensation received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 15, 2024

Title (Note 1)	Country Citizenship	Name	Gender	Date Elected	Shareholding		Shares Held by Spouse and Minor Children		Shares Held in Others' Names		Primary Education (Note 2)	Position Held with Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Chairman	R.O.C.	Zhao, Xi- Zheng	Male	2021.08	0	0%	20,400	0.05%	0	0%	* University of Alabama at Birmingham * Deputy General Manager of Palit Microsystems Ltd.	N/A	N/A	N/A	N/A
General Manager	R.O.C.	Lin, Hong- Pei	Male	2021.08	0	0%	0	0%	0	0%	* Institute of Information Engineering, Datong University * Vice President of R&D Department 2 of the Company	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Yang, Shi- Huai	Male	1998.4	901,126	2.23%	0	0%	0	0%	* Institute of Electrical Engineering, National Central University * Vice President of R&D Department 1 of the Company	N/A	Director	Chen, Li- Min	Brother-in- law
Finance and Accounting Manager	R.O.C.	Luo, Jia- Ling	Female	2004.6	0	0%	0	0%	0	0%	* Department of Accounting, Tamkang University * Audit of the Company	N/A	N/A	N/A	N/A

Note 1: The information of the general manager, vice president, assistant manager, heads of departments and branches, and anyone whose position is equivalent to the general manager, vice president or assistant manager, regardless of title, shall also be disclosed.

Note 2: If you have worked for a certified public accountant firm or a related company during the preceding period, you should specify the position's title and responsibilities.

Note 3: If the general manager or equivalent (top manager) and the chairman of the board of directors are the same people, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.) should be disclosed.

Director remuneration range table

Range of Remuneration Paid to Directors of the Company	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies listed in this financial report (Note 9) H	The Company (Note 8)	All companies listed in this financial report (Note 9) I
Less than NT\$1,000,000	Zhao, Xi-Zheng and Li, Yao-Kui Wei Sheng Investment - Sheng Sun Lin, Hong-Pei and Chen, Li-Min Yang, Shi-Huai	Zhao, Xi-Zheng and Li, Yao-Kui Wei Sheng Investment - Sheng Sun Lin, Hong-Pei and Chen, Li-Min Yang, Shi-Huai	Wei Sheng Investment - Sheng Sun Chen, Li-Min	Wei Sheng Investment - Sheng Sun Chen, Li-Min
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)			Li, Yao-Kui	Li, Yao-Kui
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)			Zhao, Xi-Zheng Lin, Hong-Pei Yang, Shi-Huai	Zhao, Xi-Zheng Lin, Hong-Pei Yang, Shi-Huai
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total (persons)	6	6	6	6

Independent Directors' Remuneration Scale

Range of Remuneration Paid to Directors of the Company	Name of Director			
	Total Remuneration (A+B+C+D)		Total of the first seven gratuities (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial report (Note 9) H	The Company (Note 8)	All companies listed in this financial report (Note 9) I
Less than NT\$1,000,000	Guo, Dong-Long Lin, Hao-Sheng Nian, Xiao-Jing	Guo, Dong-Long Lin, Hao-Sheng Nian, Xiao-Jing	Guo, Dong-Long Lin, Hao-Sheng Nian, Xiao-Jing	Guo, Dong-Long Lin, Hao-Sheng Nian, Xiao-Jing
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total (persons)	3	3	3	3

- Note 1: The names of directors shall be listed separately (corporate shareholders shall list the names of corporate shareholders and their representatives separately), and the amount of each payment shall be disclosed in aggregate. If a director is also the general manager or vice president, he/she should fill in this table and the following table (3-1) or (3-2).
- Note 2: It refers to directors' most recent annual compensation (including director's salary, salary increment, severance pay, various bonuses, incentive payments, etc.).
- Note 3: The amount of directors' remuneration approved by the board of directors for the most recent year is included.
- Note 4: The most recent year's expenses related to the execution of business by the directors (including travel expenses, special expenses, various allowances, dormitories, in-kind provision of vehicles, etc.). If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included.
- Note 5: Refers to the salary, salary increment, severance pay, various bonuses, incentive payments, car and horse expenses, certain expenses, multiple allowances, dormitory, auto and other in-kind provisions, etc., which are received by the directors and employees (including the president, vice president, other managers and employees) in the most recent year. If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included. As stipulated in IFRS 2, share-based payments including obtaining employee stock options and employee restricted stock awards and participation in a cash capital increase shall be calculated as remuneration.
- Note 6: The amount of employee compensation (including stock and cash) received by a director who is also an employee (including also a general manager, vice president, other managers and employees) in the most recent year should be disclosed as approved by the board of directors in the most recent year. If the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year. It should also be listed in Schedule I-III.
- Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed.
- Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level at which he or she is vested.
- Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they are attributed.
- Note 10: Net income refers to net income after tax for the most recent year. If International Financial Reporting Standards are adopted, net income refers to the net income stated in the parent only company financial statements or individual financial reports for the most recent year.
- Note 11:
- a. This column should explicitly state the amount of remuneration received by the directors of the Company from businesses other than subsidiaries.
 - b. If a director of the Company receives remuneration from a business other than a subsidiary, the payment received by the director of the Company from a business other than a subsidiary should be included in column I of the remuneration scale and the name of the column should be changed to "All Businesses Invested in the Company".
 - c. Remuneration refers to the compensation, remuneration and remuneration received by the directors of the Company in their capacity as directors, supervisors or managers of the Company's businesses other than subsidiaries, (including remuneration to employees, directors and supervisors) and business execution expenses.

* The disclosure of remuneration in this table differs in concept from Income Tax Act, thus is provided for the purpose of information disclosure, not tax purposes.

2. Remuneration of General Manager and Deputy General Manager (aggregated matching grade disclosure method)

(Unit: NTD thousand) April 15, 2024

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Amount of employee remuneration (D) (Note 4)				Percentage of total after-tax net income of items A, B, C and D (%) (Note 8)		Receipt of remuneration from businesses other than subsidiaries (Note 9)
		The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company		All companies listed in this financial report (Note 5)		The Company	All companies listed in this financial report (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Lin, Hong-Pei	6,000	6,000	0	0	8,000	8,000	275	0	275	0	7.08%	7.08%	0
Vice President	Yang, Shi-Huai													

* Regardless of title, any position equivalent to that of a general manager or deputy general manager (e.g., chairman, chief executive officer, director, etc.) should be disclosed.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All companies in the financial report (Note 7) E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Lin, Hong-Pei and Yang, Shi-Huai	Lin, Hong-Pei and Yang, Shi-Huai
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total (persons)	2	2

Note 1: The names of the general manager and deputy general manager should be listed separately to disclose the amount of each payment in aggregate. If the director is also the general manager or deputy general manager, he/she should fill in this table and table (1-1) or (1-2) above.

Note 2: The general manager and deputy general manager's most recent annual salary, salary increment, and severance pay are presented.

Note 3: The most recent annual bonuses, incentive payments, car and transportation expenses, special expenses, various allowances, dormitories, vehicles, and other in-kind compensation payments to the general manager and deputy general manager are included. If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included. As stipulated in IFRS 2, share-based payments including obtaining employee stock options and employee restricted stock awards and participation in a cash capital increase shall be calculated as remuneration.

Note 4: The amount of employee compensation (including stock and cash) approved by the board of directors for the president and vice president for the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated based on the proportion of the actual distribution last year. It should also be listed in Table 1-3. Net income refers to net income (after-tax) for the most recent year. If IFRS is adopted, net income refers to net income (after-tax) stated in the parent company only / individual financial statements for the most recent year.

- Note 5: The aggregate amount of remunerations paid to the Company's General Managers and Deputy General Managers from all companies (including the Company) included in the consolidated financial statements shall be disclosed.
- Note 6: The total amount of remuneration paid by the Company to each general manager and deputy general manager is disclosed in the name of the general manager and deputy general manager at the level to which they are vested.
- Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the Company by all companies in the consolidated report, including the Company, should be disclosed, and the names of the general manager and deputy general manager should be disclosed at the level to which they are attributed.
- Note 8: Net income refers to net income after tax for the most recent year. If International Financial Reporting Standards are adopted, net income refers to the net income stated in the parent only company financial statements or individual financial reports for the most recent year.
- Note 9:
- a. The amount of remuneration received by the general manager and deputy general manager of the Company from businesses other than subsidiaries should be clearly stated in this column.
 - b. If the general manager and deputy general manager of the Company receive remuneration from a business outside of a subsidiary, the remuneration received by the general manager and deputy general manager of the Company from a business outside of a subsidiary should be included in column E of the remuneration scale and the name of the column should be changed to "All business outside of a subsidiary".
 - c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses received by the Subsidiaries' general manager and deputy general manager in their capacity as directors, supervisors or managers of businesses other than those in which the Company invests.
- * The disclosure of remuneration in this table differs in concept from Income Tax Act, thus is provided for the purpose of information disclosure, not tax purposes.

3. Latest annual pension payment/contribution information

(Unit: Thousand NT\$)

	Actual pension payments	Contribution to pension fund	
		New Pension System	Old Pension System
Director	0	0	0
General Manager and Deputy General Managers	0	0	19,225

4. Employee Remuneration

Employee Remuneration

(Unit: Thousand NT\$)

April 15, 2024

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Percentage of total after-tax net income (%)
Managerial Officer	Chairman	Zhao, Xi-Zheng	0	497	497	0.25%
	Vice Chairman	Li, Yao-Kui				
	General Manager	Lin, Hong-Pei				
	Vice President	Yang, Shi-Huai				
	Finance & Accounting Manager	Luo, Jia-Ling				

Note 1: Individual names and titles should be disclosed, but the distribution of profits should be disclosed in aggregate.

Note 2: The amount of employee remuneration payments (including stock and cash) approved by the board of directors for the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year. Net income refers to net income after tax for the most recent year. If International Financial Reporting Standards are adopted, net income refers to the net income stated in the parent only company financial statements or individual financial reports for the most recent year.

Note 3: The scope of application of the Manager, following order No. 0920001301 dated March 27, 2003, is as follows:

- (1) General Manager and equivalent
- (2) Deputy General Manager and equivalent
- (3) Director and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage and sign for the company

Note 4: If the directors, general manager and deputy general manager receive employee remuneration (including stock and cash), they shall be included in this table in addition to Schedule 1-2.

5. Remuneration for the top five highest-paid supervisors:

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances (C) (Note 3)		Amount of employee remuneration (D) (Note 4)				Ratio of Total Amount of A, B, C, and D to Net Income (%) (Note 6)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 7)
		The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company		All companies listed in this financial report (Note 5)		The Company	All Companies in the Financial Report	
								Cash	Stock	Cash	Stock			
Chairman	Zhao, Xi-Zheng													
Vice Chairman	Li, Yao-Kui													
General Manager	Lin, Hong-Pei	13,200	13,200	0	0	15,400	15,400	497	0	497	0	14.44%	14.44%	0
R&D Department 1 Vice President	Yang, Shi-Huai													
Finance and Accounting Manager	Luo, Jia-Ling													

Note 1: The "Top Five Highest-Paid Supervisors" refer to the managers of the Company. The criteria for recognizing managers are based on the scope of "managers" stipulated by the former Securities and Futures Commission of the Ministry of Finance in its Order No. 0920001301 on March 27, 2003. The "Top Five Highest Remuneration" calculation is based on the total amount of salaries, retirement pensions, bonuses and special payments received by the manager from all companies in the consolidated financial statements, as well as the number of employee remunerations (i.e., the total amount of A+B+C+D), and the top five highest remunerations are recognized after ranking. If a director is also a former supervisor, he/she should fill in this table and the above table (1-1).

Note 2: The salaries, bonuses and severance pay of the top five most highly remunerated supervisors in recent years are listed.

Note 3: The number of bonuses, incentive payments, car and travel expenses, special expenses, allowances, dormitories, vehicles, and other in-kind compensation payments for the top five most highly remunerated supervisors in the most recent year is included. If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included. As stipulated in IFRS 2, share-based payments including obtaining employee stock options and employee restricted stock awards and participation in a cash capital increase shall be calculated as remuneration.

Note 4: The amount of employee remuneration (including stock and cash) approved by the board of directors for the top five most highly remunerated supervisors in recent years is shown. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to last year's actual distribution and should also be shown in Table 1-3.

Note 5: The total amount of remuneration paid by all companies (including the Company) to the top five remuneration supervisors of the Company in the consolidated report should be disclosed.

Note 6: Net income after tax is defined as net income after tax for the most recent year reported individually or on a case-by-case basis.

Note 7:

- This column should clearly indicate the amount of remuneration received by the Company's top five remunerated supervisors from businesses other than subsidiaries or from the parent company (if none, please enter "none").
- Remuneration refers to the rewards, remuneration (including employee, directors and supervisor's compensation) and business execution expenses related to the top five highest-paid supervisors of the Company as directors, supervisors or managers of a business other than a subsidiary or a parent company.

* The disclosure of remuneration in this table differs in concept from Income Tax Act, thus is provided for the purpose of information disclosure, not tax purposes.

6. The names, positions and total number (amount) of the top ten dividends of the top ten people who have obtained employee stock options: the company has not issued employee stock options

- (IV) An analysis of the total compensation paid to the Company's directors, supervisors, general manager and deputy general manager as a percentage of net income after tax for the most recent two years, comparing the Company and all companies in the consolidated financial statements, and describing the policy, criteria and composition of compensation payments, the process for setting remuneration, and the correlation with operating performance and future risks:

Proportion of net income after tax (%)	Director (excluding employees of the Company)		General Manager and Deputy General Managers	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
2022	3.94	N/A	4.52	N/A
2023	3.76	N/A	7.08	N/A

1. The policy, criteria and composition of remuneration payment, and the procedure for setting remuneration
 - (1) Directors and Supervisors:
 - A. Following the Company's Articles of Incorporation, the Company shall contribute no less than 2% of the employees' remuneration and no more than 2% of the directors' remuneration to the Company if there is any remaining balance after deducting accumulated losses based on the Company's profitability for the year.
 - B. The estimated amount of employee remuneration in 2023 and 2022 of the Company is \$5,424 and \$7,974, respectively; the estimated amount of directors' remuneration is \$5,424 and \$7,974, respectively, and the aforementioned amount is included in the payroll expense account.
In 2023, according to the profit situation as of the current period, they are all estimated at 2%, which is consistent with the amount to be allocated by the board of directors, of which employee remuneration will be paid in cash.
The remuneration of employees and directors for the year 2022 as decided by the Board of Directors shall be consistent with the amount recognized in the financial report for the year 2022. Information on the remuneration of employees and directors, and supervisors approved by the Company's board of directors is available on the Market Observation Post System.
 - (2) General Manager and Deputy General Manager:
The General Manager and Deputy General Manager of the Company are paid a monthly salary upon hiring regarding similar positions in the industry. The change in the employee bonus is based on the current year's operating results, which will be approved by the Board of Directors under the Company's Articles of Incorporation and sent to the shareholders' meeting. It will then be paid to employees upon the distribution of earnings based on the performance of the business units and approved by the Remuneration Committee.
2. Correlation with operating performance and future risks
 - (1) The salaries of directors and the remuneration of directors allocated following the Company's Articles of Incorporation have been fully considered for the Company's operations and earnings per share and the Company's operating performance and future risks.
 - (2) The compensation to the general manager and deputy general manager employees shall be paid under the ratio set by the Company's Articles of Incorporation, depending on the operating performance of the year. It shall be paid upon the distribution of earnings.

III. Implementation of Corporate Governance

(I) Operation of Board of Directors

- The board of directors has held four meetings in 2023, and the attendance of directors and independent directors is as follows:

Title	Name	Attendance in Person (B)	Numbers of attendance by proxy	Actual Attendance (Column) Rate (%)	Remarks
Chairman	Zhao, Xi-Zheng	4	0	100%	Re-election 2022.06.14~2025.06.13
Director	Li, Yao-Kui	4	0	100%	Re-election 2022.06.14~2025.06.13
Director	Lin, Hong-Pei	4	0	100%	Re-election 2022.06.14~2025.06.13
Director	Representative of Wei Sheng Investment Co., Ltd.: Sheng Sun	4	0	100%	Newly appointed 2022.06.14~2025.06.13
Director	Chen, Li-Min	4	0	100%	Re-election 2022.06.14~2025.06.13
Director	Yang, Shi-Huai	4	0	100%	Re-election 2022.06.14~2025.06.13
Independent Director	Guo, Dong-Long	4	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Lin, Hao-Sheng	4	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Nian, Xiao-Jing	4	0	100%	Newly appointed 2022.06.14~2025.06.13

Other mentionable items:

- I. The matters listed in Article 14-3 of the Securities and Exchange Act and other matters decided by the board of directors with the objection or reservation of the independent directors and a record or written statement shall indicate the date of the board of directors, the period, the content of the proposal, all the opinions of independent directors and the company's treatment of the opinions of independent directors:** the Company has no such situation
- II. The directors and independent directors shall state the name of the directors, the contents of the proposal, the reasons for avoiding the interests and the circumstances of voting:**
 - Various remuneration proposals submitted by the Remuneration Committee, among which, regarding the review of the 2023 annual remuneration allocation plan for managers and employees of the Company, at the time of voting on this motion, interested parties were invited to leave their seats first, and the rest of the attending directors all agreed to approve the proposal.
- III. Listed companies should disclose the evaluation period and period of the self (or peer) evaluation of the board of directors, the scope, method and content of the evaluation, and fill in the second (2) performance of the board of directors assessment:** the Company established and executed the performance evaluation of the board of directors on November 13, 2020, and completed the 2023 annual performance evaluation of the board of directors before the first quarter of 2024 years and announced the report in accordance with the regulations.
- IV. Objectives of strengthening the functions of the Board of Directors in the current and recent years (for example, establishment of an audit committee, improvement of transparency of information, etc.) and assessment of performance:**
 - The Company amends the "Rules of Procedure of the Board of Directors" of the Company in accordance with 2022/08/02 and complies with them with the consent of the Board of Directors.
 - The Company has set up the Remuneration Committee on December 9, 2011, which has met twice in 2023.
 - The Company also has independent directors and established an Audit Committee on June 14, 2022. Exercise the authority of the Board of Directors. After each meeting of the Board of Directors, the

critical matters resolved by the Board of Directors shall be announced, or material information shall be published promptly to achieve information transparency.

V. Communication between Independent Directors and Internal Audit Supervisors and Accountants (which should include major matters, methods and results of communication on the Company's financials and business conditions): Good interaction through the Board of Directors, auditing business reports and correspondence between accountants and governance units.

- (I) Independent Directors' Communication Policies with Internal Audit Officers and Accountants:
1. The audit supervisor may, as needed, directly discuss with the independent director at least once a year, and the communication should be good.
 2. In addition to the audit reports received by the Company's independent supervisor on a monthly basis, the chief audit executive also conducts important business reports of the Company to the independent directors separately at quarterly colloquiums and has fully communicates the performance and effectiveness of the audit business.

Date	Communication	Independent Directors' Opinion
2023/11/08	<ol style="list-style-type: none"> 1. Audit plan of the Company from July to September 2023 2. Internal Audit Check Progress 3. Internal auditors' on-the-job training 4. Internal Audit Tracking Report: Audit Operations for company prepared Financial Statements 	All independent directors have no objection
2023/08/02	<ol style="list-style-type: none"> 1. Audit plan of the Company from April to June 2023 2. Internal Audit Check Progress Report 	All independent directors have no objection
2023/05/03	<ol style="list-style-type: none"> 1. Internal audit of the Company from February to March 2023 2. Internal Audit Check Progress 3. Internal auditors' and substitutes on-the-job training report 	All independent directors have no objection
2023/03/08	<ol style="list-style-type: none"> 1. Internal audit of the Company from October to December 2022 and January 2023 2. Internal Audit Check Progress 3. Result of the Internal Control System Self-Assessment in 2022 	All independent directors have no objection

- (II) Communication Policy between Independent Directors and Accountants:
1. Usually, a Certified Public Accountant / CPA meets directly with the independent director as needed. In addition to the meeting, the accountant also uses written documents, telephone calls or emails to communicate with the independent director. The communication should be good.
 2. Certified Public Accountant / CPA may report and communicate to independent directors on the overall impact of recent additions or amendments to the Act on the Company.

Date	Communication	Independent Directors' Opinion
2023/11/08	<ol style="list-style-type: none"> 1. 2023/Q3 Communication with Governance Body after Review 2. 2023/Q3 Finance and tax mixed strategy 	All independent directors have no objection
2023/03/08	<ol style="list-style-type: none"> 1. 2022/Q4 Communication with Governance Body after Audit 2. Audit Quality Indicators (AQIs) 3. Amendment of the IESBA Code 	All independent directors have no objection

Note 1: Directors, independent directors and supervisors who are legal persons shall disclose the names of the shareholders of the legal person and the names of their representatives.

Note 2:

- (1) Where a director supervisor leaves office before the end of the year, the date of separation shall be indicated in the notes column.

The actual outgoing (listed) seat rate (%) shall be calculated based on the number of meetings of the board of directors during the period of their office and the number of outgoing (listed) seats.

- (2) Before the end of the year, if there is a replacement director and supervisor, both the new and the old director or supervisor should be filled in, and the date of the old, new, or re-elected and the re-election date should be indicated in the note column. The actual attendance rate (%) is calculated based on the number of actual attendance during their tenure.

2. Evaluation of the Board:

The Company has established a performance appraisal system for the Board of Directors, and on November 13, 2020, the Board of Directors adopted the Performance Appraisal Measures for the Board of Directors in order to give full play to the self-promotion of the members of the Board of Directors and enhance the functioning of the Board of Directors. The performance evaluation of the internal board of directors is carried out once a year, and the internal self-evaluation and directors' self-evaluation of the board of directors are carried out after the end of the year. The evaluation results are reviewed and presented to the board of directors before the end of the first quarter of the following year; the performance evaluation of the 2023 annual Board of Directors is reported by the Board of Directors on March 4, 2024.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
Once a year	From: January 1, 2023 To: December 31, 2023	Board of Directors	Internal self-assessment of the Board of Directors	Includes 5 major dimensions and 45 assessment items, self-evaluated by the Audit Office. Statistical results 1. Participation in the company's operation (12 questions): gave positive reviews. 2. Improving the quality of the Board of Directors decision-making (12 questions): gave positive reviews. 3. Composition and structure of the Board of Directors (7 questions): gave positive reviews. 4. Election and continuing education of the directors (7 questions): gave positive	The Board of Directors and the operating team are functioning well, and each performance appraisal project can meet the set indicators. Each director can be competent and fulfill the responsibilities.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				reviews. 5. Internal control (7 questions): gave positive reviews.	
Once a year	From: January 1, 2023 To: December 31, 2023	Individual Director Members	Self-assessment of Directors	Includes six major aspects and 23 assessment items, self-evaluated by 9 directors (including 3 independent directors). Statistical results 1. Alignment of the goals and missions of the company (3 questions): Both Directors and Independent Directors gave positive reviews. 2. Awareness of the Duties of a Director (3 questions): Both Directors and Independent Directors gave positive reviews. 3. Participation in the company's operation (8 questions): Both Directors and Independent Directors gave positive reviews. 4. Internal relationships and communication (3 questions): Both Directors and Independent	Nine directors (including three independent directors) gave positive reviews.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>Directors gave positive reviews.</p> <p>5. Director's professionalism and continuing education (3 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>6. Internal control (3 questions): Both Directors and Independent Directors gave positive reviews.</p>	
Once a year	From: January 1, 2023 To: December 31, 2023	Functional Committee 【Remuneration Committee】	Self-assessment of Directors	<p>Remuneration Committee: Includes 5 major dimensions and 26 assessment items, self-evaluated by three Committee members.</p> <p>Statistical results:</p> <p>1. Participation in the company's operation (4 questions): Committee members gave positive reviews.</p> <p>2. Functional Committee Responsibilities Awareness (8 questions): Committee members gave positive reviews.</p> <p>3. Improving the quality of the Functional Committee decision-</p>	All three members gave positive reviews.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>making (7 questions): Committee members gave positive reviews.</p> <p>4. Composition and Election of Functional Committee (4 questions): Committee members gave positive reviews.</p> <p>5. Internal control (3 questions): Committee members gave positive reviews.</p>	
Once a year	From: January 1, 2023 To: December 31, 2023	Functional Committee 【Audit Committee】	Self-assessment of Directors	<p>Audit Committee: Includes 5 major dimensions and 26 assessment items, self-evaluated by three Committee members.</p> <p>Statistical results:</p> <p>1. Participation in the company's operation (4 questions): Committee members gave positive reviews.</p> <p>2. Functional Committee Responsibilities Awareness (8 questions): Committee members gave positive reviews.</p> <p>3. Improving the quality of the Functional Committee decision-making (7 questions):</p>	All three members gave positive reviews.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				Committee members gave positive reviews. 4. Composition and Election of Functional Committee (4 questions): Committee members gave positive reviews. 5. Internal control (3 questions): Committee members gave positive reviews.	

Note 1: Specify the implementation cycle of the Board of Director evaluation, for example: once a year.

Note 2: Specify the period of the Board of Director evaluation, for example, 2019/01/01~2019/12/31.

Note 3: The scope of the evaluation covers the respective performances of the Board, individual directors, and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation contents include at least the following items according to the scope of evaluation:

- (1) Board Performance Assessment: At a minimum, this includes participation in the operation of the company, the quality of board decision-making, the composition and structure of the board of directors, the election and continuous training of directors, and internal control.
- (2) Performance Assessment of Individual Directors: At a minimum, this includes the mastery of the company's goals and tasks, the recognition of directors' responsibilities, the degree of participation in the company's operations, internal relationship management and communication, directors' professional and continuous training, internal control, etc.
- (3) Functional Committee Performance Assessment: The degree of participation in the operation of the company, the recognition of the responsibilities of the functional committee, the quality of the decision-making of the functional committee, the composition and election of the functional committee, and internal control.

3. Setting of Corporate Governance Supervisor:

By the resolution of the Board of Supervisors adopted on November 10, 2021, the Company established the position of Corporate Governance Officer B. Ms Luo, Jia-Ling, Financial Manager of the Company, was also appointed to supervise and be responsible for the institutional design and planning of corporate governance. The Public Offering Company has equipped the Corporate Governance Supervisor to act as the shareholding and corporate governance supervisor-related affairs director for more than three years.

The terms of reference of the Corporate Governance Supervisor are as follows:

- (1) Handling matters relating to board meetings and shareholders meetings according to laws.
- (2) Producing minutes of board meetings and shareholders meetings
- (3) Assist directors in assuming office and pursuing continuing education.
- (4) Providing information required for business execution by directors and supervisors.
- (5) Assisted the directors in complying with laws and regulations.
- (6) Other matters stipulated by Articles of Incorporation of association or contract.

Corporate Governance Supervisor Training Situation:

Name	Date	Name of program	Training Units	Hours
Luo, Jia-Ling	2023.11.23	"Corporate Governance Trends and Corporate Sustainable Development" - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Supervisors	Securities and Futures Institute	3 hours
	2023.08.18	"Enterprise Whistleblower Protection and Establishment of Reporting System" - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives	Securities and Futures Institute	3 hours
	2023.05.26	"The most easily neglected Financial Information by Directors." - Advanced Seminar for Directors and Supervisors (including Independent)	Securities and Futures Institute	3 hours
	2023.04.19	"Protecting the Trade Secrets." - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Supervisors	Securities and Futures Institute	3 hours

(II) Audit committee operation:

1. Responsibilities:

The Audit Committee of the Company was established on 14 June 2022. The Audit Committee shall perform the following functions and submit its recommendations to the Board for discussion. Its main functions are as follows:

- (1) Establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Evidence Submission Law.
- (2) Assessment of the effectiveness of internal controls.
- (3) Procedures for the establishment or amendment of significant financial transactions to acquire or dispose of assets, engage in the delivery of derivative commodities, make capital loans to others, endorse or provide guarantees to others in accordance with Article 36-1 of the Certification and Exchange Act.
- (4) Matters involving the directors' own damaging relationship.
- (5) Transactions of significant assets or derivative commodities.
- (6) Significant loans and endorsements or guarantees.
- (7) Raise, issue or private placement of marketable securities of an equity nature.
- (8) Appointment, removal or remuneration of certified accountants.
- (9) Appointment or removal of head of finance, accounting or internal audit.
- (10) Annual financial report and semi-annual financial report.
- (11) Major matters stipulated by other companies or competent authorities.

2. Audit Committee Membership Profile:

Identity	Qualifications Name	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
Independent Director (Convener)	Guo, Dong- Long	<ul style="list-style-type: none"> • Independent Director of Union Commercial Bank Plc. • Independent Director of the Company • Former General Manager of E.Sun Commercial Bank, Ltd. • Former Chairman of E. Sun Venture Capital Co. Ltd. • There are no cases under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, 	1

Identity	Qualifications Name	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
			supervisor or employee of the Company or its affiliated enterprises.	
Independent Director	Nian, Xiao- Jing	<ul style="list-style-type: none"> • Adjunct Assistant Professor at National Yang Ming Chiao Tung University and National Taiwan University • Chief Executive Officer of the Liver Disease Prevention & Treatment Research Foundation • Chief Executive Officer, Good Liver Foundation • Executive Director of the Taiwan Health Foundation • Adjunct Assistant Professor of National Taiwan University • Adjunct Assistant Professor of National Yang Ming Chiao Tung University • Adjunct Attending Physician of Department of Family Medicine, National Taiwan University Hospital • Independent Director of the Company • There are no cases under 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the 	N/A

Identity	Qualifications Name	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
		Article 30 of the Company Act.	second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises.	
Independent Director	Lin, Hao- Sheng	<ul style="list-style-type: none"> • SKYWORKS Cellphone Baseband design house manager director • Deputy General Manager of Business Department of Nanjia Co., Ltd. • Independent Director of the Company • There are no cases under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public 	N/A

Identity	Qualifications	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
	Name			
			Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises.	

3. Recently, the Annual Audit Committee held four meetings (A), and the attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	Numbers of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Term
Independent Director (Convener)	Guo, Dong-Long	4	0	100%	2022.06.14~2025.06.13
Independent Director	Lin, Hao-Sheng	4	0	100%	2022.06.14~2025.06.13
Independent Director	Nian, Xiao-Jing	4	0	100%	2022.06.14~2025.06.13

Other mentionable items:

I. In any of the following circumstances, the operation of the Audit Committee shall specify the date of the Audit Committee, the period, the content of the proposal, the objections of independent directors, the content of reservations or major recommendations, the results of the resolutions of the Audit Committee and the Company's handling of the opinions of the Audit Committee. (1) The matters listed in Article 14-5 of the Securities and Exchange Act. (2) Except for the matters previously opened, other matters not passed by the Audit Committee but resolved with the consent of more than two-thirds of all directors: The Company does not have

such a situation. For detailed information on the meeting, please refer to the fourth point of other matters to be recorded.

II. The independent directors shall state the name of the independent directors, the contents of the proposal, the reasons for avoiding the interests and the circumstances of voting: The Company does not have such circumstances.

III. Communication between independent directors and internal auditors and accountants (including major matters, methods and results of communication on the financial and business conditions of the company):

1. Audit supervisors should communicate directly with independent directors as needed, at least once a year, and the communication is good.
2. In addition to the audit reports received by the independent directors of the Company on a monthly basis, the audit supervisor also separately reports the important business of the Company to the independent directors before each audit committee meeting, and has fully communicated the performance and effectiveness of the audit business.
3. Usually, a Certified Public Accountant / CPA meets directly with the independent director as needed. In addition to the meeting, the accountant also uses written documents, telephone calls or emails to communicate with the independent director. The communication should be good.
4. Certified Public Accountant / CPA may report and communicate to independent directors on the overall impact of recent additions or amendments to the Act on the Company.

IV. The most recent annual meeting of the Audit Committee is as follows:

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	All members object or reserve opinions	The company's handling of the audit committee's opinions
2023/11/08	<ol style="list-style-type: none"> 1. Internal Audit Business Report 2. The Company's 2023 annual performance report on integrity management 3. Report on the implementation of the Company's 2023 annual intellectual property management plan 4. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule 5. Financial statements for the third quarter of 2023 6. Proposed application to Chang Hwa Bank to extend the short-term revolving credit of NT\$30 million. 7. The proposal to apply to Cathay United Bank for a 	The chairman approved each proposal after asking all members to attend without objection and submitted it to the board of directors for discussion.	The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.	N/A	N/A

	<p>non-recourse factoring line without prepayment in the amount of US\$2 million.</p> <p>8. 2024 annual internal audit plan of the Company</p>				
2023/08/02	<p>1. Internal Audit Business Report</p> <p>2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule</p> <p>3. Financial statements for the second quarter of 2023</p> <p>4. Establish the safety executive of the Company</p> <p>5. Application to the Business Department of Entie Commercial Bank for a non-recourse factoring line.</p>	<p>The chairman approved each proposal after asking all members to attend without objection and submitted it to the board of directors for discussion.</p>	<p>The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.</p>	N/A	N/A
2023/05/03	<p>1. Internal Audit Business Report</p> <p>2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule</p> <p>3. Financial statements for the first quarter of 2023</p> <p>4. Purchase 2023 liability insurance for directors of the Company.</p>	<p>The chairman approved each proposal after asking all members to attend without objection and submitted it to the board of directors for discussion.</p>	<p>The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.</p>	N/A	N/A
2023/03/08	<p>1. Internal Audit Business Report</p> <p>2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule</p> <p>3. 2022 Annual Performance Evaluation Report of the Board and Functional Committee.</p> <p>4. The Company's 2023 Annual Financial Report on the Appointment, Compensation and Independence and</p>	<p>The chairman approved each proposal after asking all members to attend without objection and submitted it to the board of directors for discussion.</p>	<p>The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.</p>	N/A	N/A

		Competency Assessment of CPAs. 5. 2022 Financial Statements 6. 2022 Profit Distribution 7. 2022 Business Report 8. Amendment to the "Performance Evaluation Measures of the Board of Directors and the Functional Committee" and the performance evaluation questionnaire. 9. 2022 Statement of Internal Control System 10. Matters related to the 2023 ordinary shareholders' meeting.				
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Please refer to the company website information:

<https://www.yuan.com.tw/zh-tw/investor/committees-audit>

Note 1: If an independent director leaves office before the end of the year, the date of separation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee during his/her tenure and the actual number of attendances.

Note 2: Before the end of the year, if an independent director is re-elected, both the new and the old independent directors shall be entered, and the date of the old, new or re-election and re-election of the independent directors shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee during his/her tenure and the actual number of attendances.

(III) Corporate Governance Execution Status and Deviations from the "Corporate Governance Best-Practice Principles for Listed Companies"

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		On March 25, 2015, the Company's Board of Directors adopted the Code of Practice for Corporate Governance of Listed Companies to promote the operation of corporate governance.	N/A
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?		V	(I) To ensure the interests of the Shareholders, the Spokesperson and the Acting Spokesperson of the Company shall be exclusively responsible for the proper handling of the matters proposed by the Shareholders, doubts and disputes. In the future, internal operating procedures will be determined based on demand and the actual situation.	No significant difference.
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company has designated staff who has the final list of major shareholders and major shareholders who actually control the Company.	N/A
(III) Does the company establish and execute a risk management and firewall system within its affiliates?		V	(III) At present, the Company does not have any Affiliate Enterprise regulated by the Company's laws.	N/A
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	V		(IV) The Company has established internal procedures for processing material information and "Measures for the Management of Preventing Insider Trading" to prevent insider trading from occurring.	N/A
III. Composition and responsibilities of the Board of Directors				

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
(I) Does the Board of Directors develop and implement a diversity guideline for the composition of its members?	V		(I) The composition of the Company's Board of Directors includes industry experience, financial, accounting, and work experience required for the business of the Company.	N/A
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration and Compensation Committee and Audit Committee?		V	(II) The Company has established the Remuneration Committee and the Audit Committee and various other functional committees, which the Board of Directors will set according to the size of the Board of Directors and the number of independent directors.	N/A
(III) Does the company establish a standard to measure the performance of the Board, and implement it annually?		V	(III) On November 13, 2020, the Board of Directors approved the Board's performance appraisal measures. The Board of Directors should establish that a performance evaluation of the Board of Directors, board members, Remuneration Committee, and Audit Committee should be conducted at least once a year. Internal evaluation should be conducted at the end of each fiscal year, assessing the performance of the current year according to this method, and the Board of Directors' performance appraisal for the year 2023 was completed and announced before the first quarter of 2024. For details on the implementation of the Board performance evaluation, please refer to pages 28-32 of the Annual Report.	N/A
(IV) Does the company regularly evaluate the independence of the CPAs?		V	(IV) The Company regularly assesses the independence of Certified Public Accountants / CPAs. In accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified	N/A

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
			Public Accountant of the Republic of China No. 10 to establish the independent assessment list. Conduct the evaluation with reference to Audit Quality Indicators (AQIs). The assessment results of the most recent fiscal year were discussed and approved by the Audit Committee on March 8, 2023, and subsequently submitted to the Board meeting on March 8, 2023, for the board's resolution on the accountant's independence and suitability assessment.	
IV. Do Listed companies appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		Chief Financial Officer and the Finance Department positioned part-time in the Company. Corporate Governance Supervisor Setup, Annual Report, page 32-33.	N/A
V. Has the company established a communication channel with stakeholders, set up a stakeholder section on the company's website, and responded appropriately to important corporate social responsibility issues of concern to stakeholders?	V		Stakeholder communication channels have been set up on the company's website at the following address: https://www.yuan.com.tw/zh-tw/investor/stakeholders	No significant difference.
VI. Does the company appoint a professional	V		The Company appoints the Securities Agency Department of	N/A

Evaluation Item	Status of Operations (Note 1)		Summary Description	Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No		
shareholder service agency to deal with Shareholders' Meeting affairs?			Capital Securities Corp., Ltd. to handle the procedures.	
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	V		(I) The financial report, corporate governance code of practice, code of good faith and code of ethical conduct have been posted on the Company's website.	N/A
(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has an English-language website and designated staff responsible for the collection and disclosure of the Company's information and a spokesperson and a proxy spokesperson for external information dissemination.	N/A
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	(III) Currently reported within three months after the end of the year as required.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, staff care, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance	V		(I) Employee benefits: handled following the provisions of the Labor Standards Act. (II) Staff Care: (1) Handle staff health insurance and group insurance. (2) Provision for retirement pensions shall be made in accordance with the law. (3) Establishment of Occupational Welfare Committee. (4) Establish on-site medical services. (III) Investor Relations: There is also a spokesperson and a dedicated mailbox to deal with shareholder suggestions,	

Evaluation Item	Status of Operations (Note 1)		Summary Description	Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No		
for Directors)?			<p>doubts or disputes.</p> <p>(IV) Supplier Partnership: The Company maintains an excellent cooperative relationship with the Supplier and enters into a cooperation contract to safeguard the rights and obligations of both parties.</p> <p>(V) Stakeholder's interests: Market Observation Post System regularly disclose financial and business-related information.</p> <p>(VI) Further director and supervisor training: planning relevant director training courses.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has internal auditors who regularly check compliance with various rules and regulations and implement policies in cooperation with relevant laws and regulations to reduce and avoid any possible risks.</p> <p>(VIII) Implementation of the customer policy: The Company has business personnel dedicated to all customers, who respond to customer needs promptly and maintain a stable and good relationship with customers.</p> <p>(IX) Where the Company purchases liability insurance for directors: The Board of Directors approved the purchase of liability insurance for directors of the Company on May 3, 2023.</p>	No significant difference.
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock	V		The Company has completed the Corporate Governance Evaluation System for 2023.	N/A

Evaluation Item	Status of Operations (Note 1)		Summary Description	Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No		
Exchange, and provide the priority enhancement measures.				

Note 1: The operation should be described in the summary description field, regardless of whether "Yes" or "No" is checked.

(IV) Remuneration Committee Composition, Responsibilities and Operation:

1. Establishment: The Company has established the Remuneration Committee on 2011/12/09.
2. Committee member:

Identity	Name	Qualifications Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
Independent Director (Convener)	Guo, Dong-Long	<ul style="list-style-type: none"> • Independent Director of Union Commercial Bank Plc. • Independent Director of the Company • Former General Manager of E.Sun Commercial Bank, Ltd. • Former Chairman of E. Sun Venture Capital Co. Ltd. • There are no cases under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises. 	1

Identity	Qualifications Name	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
Independent Director	Nian, Xiao- Jing	<ul style="list-style-type: none"> • Adjunct Assistant Professor at National Yang Ming Chiao Tung University and National Taiwan University • Chief Executive Officer of the Liver Disease Prevention & Treatment Research Foundation • Chief Executive Officer, Good Liver Foundation • Executive Director of the Taiwan Health Foundation • Adjunct Assistant Professor of National Taiwan University • Adjunct Assistant Professor of National Yang Ming Chiao Tung University • Adjunct Attending Physician of Department of Family Medicine, National Taiwan University Hospital • Independent Director of the Company • There are no cases under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises. 	N/A
Independent Director	Lin, Hao- Sheng	<ul style="list-style-type: none"> • SKYWORKS Cellphone Baseband design house manager director • Deputy General 	1. Upon assuming office, an independent director of the	N/A

Identity	Qualifications Name	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
		Manager of Business Department of Nanjia Co., Ltd. <ul style="list-style-type: none"> • Independent Director of the Company • There are no cases under Article 30 of the Company Act. 	Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises.	

3. Responsibilities:

In accordance with the provisions of Article 7 of the Company's "Remuneration Committee Organizational Rules", the responsibilities of the Remuneration Committee are as follows:

The Remuneration Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. However, the recommendation on the compensation of the

Supervisor shall be submitted to the Board of Directors for discussion, to the extent that the remuneration of the Supervisor is stipulated in the Articles of Incorporation or authorized by resolution of the Board of Shareholders' Meeting:

- (1) Periodically review the regulations and make recommendations for amendments.
- (2) Establish and periodically review the policies, systems, standards, and structure of the annual and long-term performance objectives and compensation of the company's directors, supervisors, and managers.
- (3) Periodically assess the achievement of the performance objectives of the directors, supervisors and managers of the Company and determine the content and amount of their compensation.

The Remuneration Committee shall perform the duties under the preceding paragraph under the following principles:

- (1) Ensure that the Company's compensation arrangements comply with the relevant laws and regulations and are sufficient to attract outstanding talents.
- (2) The performance appraisal and remuneration of directors, supervisors and managers shall take into account the average level of payment in the same industry and consider the time invested by individuals, the duties assumed, the achievement of personal goals, the performance of other positions, the remuneration of salaries and compensation awarded by the Company to persons in comparable positions in recent years, and the reasonableness of the correlation between the performance of individuals and the operational performance and future risks of the Company as assessed by the achievement of the short-term and long-term business goals of the Company and the financial condition of the Company.
- (3) Directors and managers should not be directed to act more than the Company's risk appetite to pursue compensation.
- (4) The ratio of the short-term performance bonus for directors and senior managers and the timing of payment of part of the variable remuneration compensation shall be determined considering the industry's characteristics and the nature of the company's business.
- (5) Members of the Committee may not participate in discussions and vote on their personal compensation decisions.

The remuneration referred to in the preceding two paragraphs, including cash remuneration, stock options, dividend shares, retirement benefits or separation benefits, various allowances and other measures with substantial incentives, shall be consistent with the remuneration of directors, supervisors and managers in the guidelines on matters to be recorded in the annual report of a publicly-issued company.

Suppose the remuneration issues of the directors and managerial officers of subsidiaries determined by the subsidiaries must be approved by the Board of Directors. In that case, they shall be submitted to the Board of Directors for discussion after Remuneration Committee makes suggestions.

4. Operating conditions:

- (1) The Company's Remuneration Committee consists of three members, all of whom are independent directors.
- (2) The term of office of the current member: from June 14, 2022, to June 13, 2025, the most recent 2023 annual Remuneration Committee held two meetings (A), the membership and attendance are as follows:

Title	Name	Attendance in Person (B)	Numbers of attendance by proxy	Actual attendance rate (%) (B/A) (Notes)	Remarks
Convener Independent Director	Guo, Dong-Long	2	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Lin, Hao-Sheng	2	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Nian, Xiao-Jing	2	0	100%	Newly appointed 2022.06.14~2025.06.13

Other mentionable items:

I. If the Board does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date, date, content of the proposal, the results of the resolutions of the Board and the Company's treatment of the Remuneration Committee's opinions (if the recommendations of the Remuneration Committee adopted by the Board are superior to those of the Remuneration Committee, it shall state the circumstances and reasons for the differences): The Company has no such situation, please refer to item 3 of the other matters to be recorded for details.

II. For matters resolved by the Remuneration Committee, if members have objections or reservations and there is a record or written statement, the date of the Remuneration Committee, the period, the content of the proposal, the opinions of all members, and the handling of the views of the members shall be stated:

This is not the case for the Company.

III. III. The most recent annual meeting of the Remuneration Committee was as follows:

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	All members object or reserve opinions	The Company's response to the opinion of the Remuneration Committee
2023/11/08	1. Review the Company's 2023 annual manager's year-end bonus payment plan. 2. Review the policies, systems, standards and structure of performance appraisal and compensation for directors and managers. 3. Discussion on the Company's remuneration committee's work plan for the year 2024.	The chairman approved each proposal after asking all members to attend without objection and submitted it to the board of directors for discussion.	Various proposals have been submitted to the board of directors for discussion. Proposals that should avoid interests have been passed without objection by other attending directors after the relevant stakeholders have left the	N/A	N/A

				meeting before voting.		
2023/03/08	<ol style="list-style-type: none"> 1. Review of various remuneration projects to be implemented by the Company in 2023. 2. Review the scope of the applicable Managers that the Company should submit to the Remuneration Committee for a pre-remuneration review. 3. Review the remuneration distribution of directors of the Company in 2022. 4. Review the amount of managerial employee remuneration of the Company in 2022. 5. Review the performance appraisal exercise for directors and managers and the annual salary increase plan for managers. 	The chairman approved the bills after asking all the present members not to object.	Various proposals have been submitted to the board of directors for discussion. Proposals that should avoid interests have been passed without objection by other attending directors after the relevant stakeholders have left the meeting before voting.	N/A	N/A	

Please refer to the Company's website:

<https://www.yuan.com.tw/zh-tw/investor/committees>

Notes:

- (1) When members of the Remuneration Committee resign before the end of the year, the Notes column should contain the date of resignation. Attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings convened and the actual presence during their term of service.
- (2) Suppose there is the re-election of the Remuneration Committee before the end of the year. In that case, both the new and old members of the Remuneration Committee should be listed, and the date of re-election should be indicated in the Remarks column as the old, new or re-elected member. Attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings convened and the actual presence during their term of service.

5. Remuneration Policy:

The Company's remuneration policies, standards, portfolios and procedures for determining remuneration shall be implemented mainly following the Company's personnel rules and regulations and the Remuneration Committee Organizational Rules. Directors' and employees' remuneration shall be appropriated in proportion to the provisions of the Articles of Incorporation, approved by the Remuneration Committee and submitted to the Board of Directors for approval before being reported to the Shareholders' Meeting. Remuneration for directors and managers is based on industry standards, taking into account individual performance, the Company's operating results and the reasonableness of the correlation with future risks. Remuneration for employees is allocated based on industry standards, the competitive position of the Company's talents in the industry, the Company's overall operating results and profitability, budget planning, performance review and evaluation of future operating risks.

(V)

1. Implementation of the Code of Practice for the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Companies

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?		V	Not yet set up to promote corporate social responsibility designated (part-time) unit.	The needs have been assessed, and further actions will be conducted according to practical discussions.
II. Does the Company conduct a risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)		V	No Corporate social responsibility/CSR policy or system is in place.	The needs have been assessed, and further actions will be conducted according to practical discussions.
III. Environmental issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		In order to avoid environmental pollution, the Company purchases products that comply with ROHS standards.	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(II) Is the company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	V		The Company improved the efficiency of utilizing various resources to achieve the reduction of raw materials and waste to reduce the impact on the environment.	N/A
(III) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take relevant response measures?	V		To respond to climate change, the Company implemented the environmental policy of "saving energy and reducing carbon" so that employees can cultivate the rationale of saving energy and reducing carbon from their working environment, improve energy use efficiency, and take actions to reduce the consumption of natural resources.	N/A
(IV) Has the company compiled statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years, and formulated greenhouse gas reduction, water use reduction, or other waste management policies?		V	The Company has not yet evaluated the planned greenhouse gas emissions, water usage and total waste weight statistics.	The needs have been assessed, and further actions will be conducted according to practical discussions.
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company shall formulate the working rules following the relevant labor laws and regulations and submit them to the competent authority for review.	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		The Company's welfare policies are compliant with the statutes.	N/A
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		Regularly inspect the safety of the working environment.	N/A
(IV) Does the company establish effective career development and training plans for its employees?	V		The company encourages employees to further their studies and proposes to establish career development training plans.	No significant difference.
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?		V	The Company has designated staff and business email addresses to deal with customer rights and interests issues and deal with customer needs promptly. The Company has established a customer complaint channel in the stakeholder section of the Company's website along with a mechanism to properly handle complaints and track responses.	N/A
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational		V	The Company will depend on the actual situation and intensify its engagement with the leading suppliers to include the termination or rescission of the terms of the contract at any time if the supplier is involved in a	No significant difference.

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
safety and health or labor human rights?			violation of its corporate social responsibility policy and has a significant impact on the environment and society.	
V. Does the company make reference to international standards or guidelines for the preparation of reports, such as the Corporate Sustainability Report, that disclose non-financial information about the company? Are the reports certified or assured by a third-party accreditation body?		V	The company has not yet formulated the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies". Still, it has considered the company's current situation and legal requirements to strengthen its implementation gradually.	We will assess the demand and consider the process.
<p>VI. If the company has its code of practice for sustainable development following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe how its operation differs from the code: The company has not yet formulated the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". Still, it has considered the company's current situation and legal requirements to strengthen its implementation gradually.</p>				
<p>VII. Other important information for understanding the implementation of sustainable development: The International CSR & Sustainability (ICS) Summit 2021 will be held by video in the context of the COVID-19 epidemic. They will recognize outstanding companies and business leaders in seven categories: corporate governance, health promotion, human investment, green leadership, social development, circular economy leadership, and responsible business leadership awards. In October 2020, our Vice Chairman, Mr Li, Yao-Kui, led the entire staff to organize free hepatitis and liver cancer screening program with Taipei Long-Shan Temple, Taiwan Liver Disease Research Foundation, and Realtek Semiconductor Corp. to help early detection and treatment of hepatitis B and C carriers and to raise awareness of liver cancer prevention. This initiative received accolades from the judges and was honored with the Health and Hygiene Promotion Award. Furthermore, it achieved a Guinness World Record with over 10,000 individuals completing the health questionnaire within a span of 12 hours.</p>				

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>In the future, the Company will integrate internal resources and expertise, and we hope to join hands with various enterprises in Taiwan to set an example for others to follow on the way to growth, to promote the good social cycle through various public welfare activities, and to carry forward the sustainable spirit of Taiwan enterprises!</p>				

Note 1: If the "Yes" box is checked, please specify the essential policies, strategies and measures adopted and their implementation. If the "No" box is checked, please explain the differences and reasons for the differences in the "Differences from the Code of Practice for Sustainable Development of Listed Companies and Reasons for Differences" column, and explain the plans for the future implementation of relevant policies, strategies and measures. However, regarding the promotion of projects one and two, TWSE/TPEX Listed Companies should clarify the governance and oversight framework for sustainable development, including but not limited to the establishment of management policies, strategies, and goals, as well as review measures. Additionally, specify the company's risk management policies or strategies concerning environmental, social, and corporate governance (ESG) issues related to operations, as well as the evaluation of these risks.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

2. Implementation of climate-related information

Item	Implementation Status
<ol style="list-style-type: none"> 1. Describe the Board's oversight and the management's role in assessing and managing climate-related risks and opportunities. 2. Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning (over the short, medium, and long term). 3. Describe the impact of extreme weather events and transition actions on the Company's finances. 4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management. 5. If scenario analysis is used to assess the resilience of the Company's business strategy to climate-related risks, disclose the scenarios considered, including parameters, assumptions, and analytical choices, and the projected principal financial impacts on the Company's business strategy under each scenario. 6. If a transition plan has been adopted as part of the Company's climate-related risk management strategy, describe the plan, including relevant metrics and targets used to identify and manage physical and transition risks. 7. If an internal carbon price is used as a planning tool, disclose the rationale for selecting the internal carbon price. 8. If any climate-related targets have been set, disclose the scope of activities and emissions included in the target, the defined time horizon of the target, and information demonstrating any progress toward achieving these targets each year. If carbon offsets or renewable energy credits or certificates (RECs) have been used to achieve climate-related targets, disclose the source and amount of the offsets or the amount of generated renewable energy represented by the RECs. 9. Greenhouse gas inventory and assurance. 	<ol style="list-style-type: none"> 1. The Board of Directors approved the schedule planning for greenhouse gas inventory and verification on May 11, 2022 and also established a dedicated unit for greenhouse gas inventory in November 2022, with a preliminary determination of the emissions scopes completed. 2. ~9. We will assess and consider the process.

(VI) Ethical Corporate Management and Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons

1. In order to ensure that the relevant standards such as integrity and ethics and operating procedures formulated by the Company are handled in accordance with the regulations, an audit room shall be set up every year to perform audits in accordance with the internal control system and establish a mutual supervision and checks and balances mechanism.
2. When the new personnel of the Company report, they will explain in the new personnel training briefing that the Company and the relevant standards of integrity and ethics should be followed, and the management and department heads will continue to advocate and promote the relevant integrity management policies of the Company at departmental meetings, production and marketing meetings, etc. from time to time to explain the importance of integrity management.
3. In order to implement and ensure the implementation of the whistleblowing system, the Company may directly report the whistleblowing system to the supervisors and personnel supervisors of each unit through the personal email of employees; and implement the implementation of the whistleblowing system by establishing the whistleblowing pipeline of relevant stakeholders on the Company's internal website.
4. The Company promotes corporate integrity, which is promoted and enforced by the Finance Department and reported to the Board of Directors on a regular basis.
5. The Company did not violate the relevant norms of the Code of Business Integrity in 2023 and reported to the Board of Directors on November 8, 2023.
6. Education and Training Situation:

Date	Name of program	Training Units	Name	Hours
2023.04.19	"Protecting the Trade Secrets." - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Supervisors	Securities and Futures Institute	Luo, Jia-Ling	3 hours
2023.08.18	"Enterprise Whistleblower Protection and Establishment of Reporting System" - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives	Securities and Futures Institute	Luo, Jia-Ling	3 hours

7. Fulfillment of the integrity of the business situation

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Company established the integrity management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(I) On March 25, 2015, the Company established the Code of Business Conduct of Integrity, which specifies the policies and practices of integrity management.	(I) N/A
(II) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly, which shall at least include the preventive measures specified in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has established the "Code of Conduct for Integrity", which prohibits directors, supervisors, managers and all employees from engaging in any business activities with a higher risk of dishonest conduct under Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" or other business areas.	(II) N/A
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V		(III) To implement the management philosophy and policy of integrity, the Company has standardized and implemented the operating procedures, behavior guidelines, education and training, and disciplinary and complaint systems for violations of the "Code of Conduct for Integrity".	(III) N/A
II. Fulfillment of ethical corporate management				

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		(I) The Company has signed a confidentiality agreement with all of our customers.	(I) N/A
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		(II) The Company promotes corporate integrity, which is promoted and enforced by the Finance Department and reported to the Board of Directors on a regular basis.	(II) N/A
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) The Company has established a "Code of Integrity" and a "Code of Ethical Conduct", and has specified policies to prevent conflicts of interest and provide appropriate channels of representation.	(III) N/A
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		(IV) The Company's internal audit unit reports regularly to the Board of Directors and the President on any internal control deficiencies or irregularities identified.	(IV) N/A
(V) Does the company regularly hold internal and external training on ethical corporate management?		V	(V) The Company has established the "Code of Conduct for Integrity", which specifies the matters to which the Company's personnel should pay attention in conducting business	(V) No significant difference

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
			and will plan to hold regular education and training.	
III. Operation of the whistle-blowing system (I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Does the company establish standard operating procedures for investigating complaint matters and related confidentiality mechanisms? (III) Does the company provide protection for whistle-blowers against receiving improper treatment?	V		(I) The Company's employees can report through the employee mailbox and directly respond to the direct supervisor and personnel director. (II) The Company's "Code of Conduct for Integrity" specifies the standard operating procedures for investigating complaint matters and the related confidentiality mechanism. (III) The Company's "Code of Conduct for Integrity" stipulates that the identity of the informers and the contents of the report shall be kept confidential.	(I) N/A (II) N/A (III) N/A
IV. Enhanced disclosure of ethical corporate management information Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company has disclosed information about the Company's integrity management on the Market Observation Post System and the Company's Code of Conduct on its website at the following address: https://www.yuan.com.tw/zh-tw/investor/corporate-integrity	No significant difference.
V. If the company has its code of ethical management following the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe how its operation differs from the code: There is no significant difference yet.				
VI. Other important information for understanding the Company's integrity operations (e.g., the Company's review of amendments to its Code of Conduct on Integrity): None.				

Note 1: The operation should be described in the summary description field, regardless of whether "Yes" or "No" is checked.

- (VII) If the company has formulated a corporate governance code and related rules, it should disclose its inquiry method: the integrity management code has been uploaded to the company's website.
(<https://www.yuan.com.tw/zh-tw/investor/corporate-integrity>)
- (VIII) Other important information sufficient to improve the understanding of the operation of corporate governance must be disclosed together with:
None.

(IX) Status of Internal Control System

1. Statement of Internal Control System

YUAN High-Tech Development Co., Ltd.

Statement on Internal Control

Based on the results of self-inspection, the internal control system of the Company in 2023 is hereby declared as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established Company's internal control system. The purpose of ICS is to provide reasonable guarantee for achieving the effect and efficiency of operation (including profits, performance, and protection of assets safety etc.), as well as the reliability, timeliness, transparency and compliance of reports with relevant laws and rules.
- II. The internal control system has its innate limitations, no matter how perfect the design, the effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and, due to changes in the environment and circumstances, the effectiveness of the internal control system may change. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company makes judgments on whether the design and implementation of the ICS are effective in accordance with the judgments items of effectiveness of ICS in the Criteria for Publicly Owned Corporation to Build Internal Control System (hereinafter referred to as the Criteria). The Regulations adopt judgment criteria of the internal control system that follows the management control process, divided into five key elements: 1. control environment, 2. evaluation of risk and feedback, 3. control operation, 4. information and communication, and 5. supervision. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has effectively evaluated its internal control system by adopting the above mentioned internal control system judgment criteria.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that the internal control system of the Company as of December 31, 2023, includes the supervision and management of subsidiaries, including the design and implementation of the internal control system to understand the degree to which the operational effect and efficiency objectives are achieved, and the reporting is reliable, timely, transparent and in compliance with relevant standards and relevant laws and regulations is effective, and it can reasonably ensure the achievement of the above objectives.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. If the above disclosure is false or concealed, it will involve the legal liabilities of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors of the Company on March 4, 2024. 0 of the 9 directors present held opposing opinions, and the rest all agreed with the contents of this statement, and this statement.

YUAN High-Tech Development Co., Ltd.

Chairman: Zhao, Xi-Zheng Signature and Seal

General Manager: Hong-Pei Lin Signature and Seal

2. If a Certified Public Accountant / CPA is engaged to review the internal control system, the Certified Public Accountant / CPA's review report should be disclosed: None.

(X) The Company and its internal personnel were punished in accordance with the law in the most recent year and as of the date of publication of the annual report, and the Company's internal personnel were punished for violating the provisions of the internal control system, and the main deficiencies and improvements were: None.

(XI) Significant resolutions of the shareholders' meeting and the board of directors for the most recent year and up to the date of printing of the annual report and their subsequent implementation:

1. Board of Directors

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
2023.03.08	<ol style="list-style-type: none"> 1. Report on the implementation of the Company's audit plan from October 2022 to January 2023. 2. Progress report on the Company's greenhouse gas inventory and verification schedule planning. 3. 2022 Annual Board Performance Review Report. 4. The Company's 2023 Annual Financial Report on the Appointment, Compensation and Independence and Competency Assessment of Visa Accountants was submitted for discussion. 5. 2022 Financial Statements Proposed for Discussion. 6. 2022 Earnings Distribution Proposed for Discussion. 7. 2022 Business Report Proposed for 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> 1. The audit was completed and reported to the Board of Directors. 2. Executed according to the planned schedule. 3. The performance evaluation has been completed and reported to the competent authorities. 4. 2023 financial statements have been audited and certified by Certified Public Accountant / CPA Feng, Min-Juan and Xu, Yong-Jian. Their independence and suitability have been assessed to be in order. 5. ~7. After consulting all directors present 	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>Discussion.</p> <p>8. Revised the "Performance Evaluation Measures of the Board of Directors and the Functional Committee" and the performance evaluation questionnaire for discussion.</p> <p>9. 2022 Statement of Internal Control System, for discussion .</p> <p>10. Matters related to the 2023 ordinary shareholders' meeting are scheduled to be held for discussion.</p> <p>11. The Remuneration Committee resolved each compensation proposal for discussion.</p>		<p>without any objection, the Chairman is approved to be submitted to the shareholders' meeting for recognition.</p> <p>8. Implemented after the board of directors has passed.</p> <p>9. After the resolution, various shareholders' meetings have been arranged.</p> <p>10. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		
2023.05.03	<p>1. Report on the implementation of the Company's audit plan from February to March 2023.</p> <p>2. Progress report on the Company's greenhouse gas inventory and verification schedule planning.</p> <p>3. 2023 first quarter Financial Statements are presented for discussion.</p> <p>4. Purchase 2023 liability</p>	<p>After consulting all the directors present without any objection, the Chairman passed each bill.</p>	<p>1. The audit was completed and reported to the Board of Directors.</p> <p>2. Executed according to the planned schedule.</p> <p>3. The written submission and online reporting have been completed after the resolution.</p>	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	insurance for directors of the Company for approval.		4. Purchased liability insurance for directors of the Company.		
2023.08.02	<ol style="list-style-type: none"> 1. Report on the implementation of the Company's audit plan from April to June 2023. 2. Progress report on the Company's greenhouse gas inventory and verification schedule planning. 3. 2023 second quarter Financial Statements are presented for discussion. 4. Establish the safety executive of the Company and submit it to the referendum. 5. Application to the Business Department of Entie Commercial Bank for a non-recourse factoring line and submit it to the referendum. 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> 1. The audit was completed and reported to the Board of Directors. 2. Executed according to the planned schedule. 3. -4. After the resolution has been completed in writing and online declaration. 5. Application to the Business Department of Entie Commercial Bank for a non-recourse factoring line after the resolution of the Board of Directors. 	N/A	N/A
2023.11.08	<ol style="list-style-type: none"> 1. Internal Audit Report for July to September 2023. 2. The Company's 2023 annual performance report on integrity management. 3. Report on the implementation of the 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> 1. The audit was completed and reported to the Board of Directors. 2. The Company did not violate the relevant norms of the 	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>Company's 2023 annual intellectual property management plan.</p> <p>4. Progress report on the Company's greenhouse gas inventory and verification schedule planning.</p> <p>5. Report the situation of the Company prepared Financial Statements.</p> <p>6. 2023 third quarter Financial Statements are presented for discussion.</p> <p>7. Proposed application to Chang Hwa Bank to extend the short-term revolving quota of NT\$30 million and submit it to the referendum.</p> <p>8. Proposed to apply to Cathay United Bank for a non-recourse factoring line without prepayment in the amount of US\$2 million and submit it to the referendum.</p> <p>9. 2024 annual internal audit plan, submitted for approval.</p> <p>10. The compensation proposals resolved by the Remuneration Committee are presented for discussion.</p>		<p>Code of Business Integrity in 2023.</p> <p>3. All the directors present agreed.</p> <p>4. It has been implemented according to the schedule after the resolution of the board of directors.</p> <p>5. The audit was completed and reported to the Board of Directors.</p> <p>6. After the resolution has been completed in writing and online declaration.</p> <p>7. Upon the approval of all the directors present, the chairman of the board of directors is authorized to act on behalf of the company in all matters related to the granting of credit.</p> <p>8. With the consent of all the directors present, the chairman of the board is</p>		

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
			<p>authorized to negotiate and sign matters related to insurance.</p> <p>9. Approved by all attending directors, the plan shall be implemented by internal audit.</p> <p>10. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		
2024.03.04	<ol style="list-style-type: none"> 1. Internal audit report from October 2023 to January 2024. 2. Progress report on the company's greenhouse gas inventory and verification schedule planning. 3. 2023 Annual Performance Evaluation Report of the Board and Functional Committee. 4. The Company changed its CPAs starting from the first quarter of 2024 and requested for approval. 5. The Company's 2024 Annual Financial Report on the Appointment, 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> 1. The audit was completed and reported to the Board of Directors. 2. It has been implemented according to the schedule after the resolution of the board of directors. 3. The performance evaluation has been completed and reported to the competent authorities. 4. -5. The 2024 financial 	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>Compensation and Independence and Competency Assessment of CPAs was submitted for discussion.</p> <p>6. 2023 Financial Statements Proposed for Discussion.</p> <p>7. 2023 Earnings Distribution Proposed for Discussion.</p> <p>8. 2023 Business Report Proposed for Discussion.</p> <p>9. 2023 Statement of Internal Control System, for discussion.</p> <p>10. Matters related to the 2024 ordinary shareholders' meeting are scheduled to be held for discussion.</p> <p>11. The compensation proposals resolved by the Remuneration Committee are presented for discussion.</p>		<p>statements have been audited and certified by Certified Public Accountant / CPA Lin, Po-Chuan and Xu, Yong-Jian. Their independence and suitability have been assessed to be in order.</p> <p>6. ~8. Approved by all the attending directors without objection, to be submitted to the shareholders' meeting for recognition.</p> <p>9. Approved by all the attending directors without objection.</p> <p>10. After the resolution, various shareholders' meetings have been arranged.</p> <p>11. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		

2024.05.06	<ol style="list-style-type: none"> 1. Internal Audit Report for February to March 2024. 2. Progress report on the company's greenhouse gas inventory and verification schedule planning. 3. The corporate governance officer reports the results of the review regarding whether the qualifications of independent directors during their tenure comply with relevant laws and regulations. 4. 2024 first quarter Financial Statements are presented for discussion. 5. Purchase 2024 liability insurance for directors and supervisors of the Company for approval. 6. Intend to submit an application for a credit line with the Business Department of the Taiwan Business Bank. 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> 1. The audit was completed and reported to the Board of Directors. 2. It has been implemented according to the schedule after the resolution of the board of directors. 3. Qualification verification has been completed and reported to the Board of Directors. 4. The written submission and online reporting have been completed after the resolution. 5. The 2024 liability insurance policy for the directors of the Company was purchased and uploaded to the Market Observation Post System. 6. Upon resolution by the Board of Directors, an application for a credit line with the Business Department of the Taiwan Business Bank has been submitted. 	N/A	N/A
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2. Shareholders' Meeting

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution
2023.06.20	<p>(I) Announcements</p> <ol style="list-style-type: none"> 1. 2022 Business Report 2. Audit Committee Reviews 2022 Financial Statements Report 3. 2022 directors' and supervisors' remuneration and employee remuneration distribution report 4. 2022 profit distribution cash dividend situation report 5. Revision of the "Corporate Governance Code of Practice" Report 6. Revision of the "Integrity Code of Business Conduct" Report 7. Revision of the "Code of Ethical Conduct" Report <p>(II) Proposed Resolutions</p> <ol style="list-style-type: none"> 1. 2022 Business Report and Financial Statements 2. 2022 Profit Distribution 	<p>Approved by the Chairman after consultation with all Directors present and without objection, pending submission to the shareholders' meeting for recognition.</p>	<p>The motions were resolved by the Board of Directors and acknowledged by the Board of Shareholders, and a cash dividend of NT \$3.8 per share was issued on August 7, 2023, with the ex-dividend base date being July 22, 2023.</p>
2023.06.13	<p>(I) Announcements</p> <ol style="list-style-type: none"> 1. 2023 Business Report 2. Audit Committee Reviews 2023 Financial Statements Report 3. 2023 directors' remuneration and employee remuneration distribution report 4. 2023 profit distribution cash dividend situation report <p>(II) Proposed Resolutions</p> <ol style="list-style-type: none"> 1. 2023 Business Report and Financial Statements 2. 2023 Profit Distribution 	<p>After consulting all directors present without any objection, the Chairman is approved to be submitted to the shareholders' meeting for recognition.</p>	<p>Each motion is resolved by the board of directors and is pending approval by the shareholders' meeting.</p>

(XII) Directors or supervisors who disagree with the adoption of important resolutions by the Board of Directors in the most recent year and as of the date of publication of the Annual Report and who have a record or written statement: None.

(XIII) Summary of the resignations and dismissals of the company's chairman, general manager, accounting director, finance director, internal audit director and R&D director as of the latest year and as of the date of publication of the annual report: None.

(XIV) Employee participation in training in the most recent year:

Training Date	Name of program	Training Institution	Participating Employees	Hours	training expense
2023/03/14	Self-protection way of law - How to face the investigation and Trial Procedure	The Institute of Internal Auditors-Chinese Taiwan	Audit/Lin, Mei-Ru	6hrs.	3,000
2023/04/26	How to audit ESG risks and present an effective audit report	Securities and Futures Institute	Finance/Lian, Yi-Jun	6hrs.	3,500
2023/08/24	Insider Trading & Financial Statement Fraud	The Institute of Internal Auditors-Chinese Taiwan	Audit/Lin, Mei-Ru	6hrs.	3,000
2023/09/15	Audit of Information Security Management and Detection of Information Security Incidents	Securities and Futures Institute	Finance/Lian, Yi-Jun	6hrs.	3,500
2023/10/26~2023/10/27	Continuing Development Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Accounting Research and Development Foundation	Head of Finance/Luo, Jia-Ling	12hrs.	8,000

(XV) Directors' continuing education:

Date of Training	Name of program	Training Institution	Attendees	Lesson Hours
2023/08/28	Corporate Governance Forum - Trends in Anti-Money Laundering Supervision in the Asia-Pacific Region	Taiwan Academy of Banking and Finance	Independent Director/Guo, Dong-Long	3hrs.
2023/11/14	Corporate Governance Forum - Corporate information security Posture in the Context of Digital Resilience	Taiwan Academy of Banking and Finance	Independent Director/Guo, Dong-Long	3hrs.

(XVI) Manager Progression:

Date of Training	Name of program	Training Institution	Attendees	Lesson Hours	Expenses
2023/10/26~2023/10/27	Continuing Education (12hr) Practical Workshop for Accounting Supervisors of Issuer Securities Exchanges	Accounting Research and Development Foundation	Finance Manager/Luo, Jia-Ling	12hrs.	8,000
2023/04/19	"Protecting the Trade Secrets." - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Supervisors	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000
2023/05/26	"The most easily neglected Financial Information by Directors." - Advanced Seminar for Directors and Supervisors (including Independent)	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000
2023/08/18	"Enterprise Whistleblower Protection and Establishment of Reporting System" - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000
2023/11/23	"Corporate Governance Trends and Corporate Sustainable Development" - Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Supervisors	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000

(XVII) Company employees obtain licenses and certificates

Departments	Employee Name	Getting a license/certificate
Auditing Office	Lin, Mei-Ru	1. Certified Internal Auditors (CIA) License 2. Obtained the internal auditor's certificate of continuing education and graduation in 2023
Department of Finance and Accounting	Luo, Jia-Ling	1. Certificate of Continuing Education and Completion of Accounting Supervisor in 2023
	Lian, Yi-Jun	1. Obtained the internal auditor's certificate of continuing education and graduation in 2023
	Liu, Zhi-Yan	1. Internal auditor certificate of the Republic of China
Quality Assurance Department	Wong Shi-chul	1. Certificate of quality of products supplied by the Quality Institute of the Republic of China 2. International Bar Code Management Technician Certificate 3. ERP Enterprise Resource Planning Certificate 4. General Project Manager Certification

The Company's staff related to the transparency of financial information have obtained the relevant licenses designated by the competent authorities as follows:

1. International Internal Auditor's License: 1 staff in the Audit Department
2. Certificate of Continuous Improvement: 2 staff in the Finance Department; 1 staff in the Audit Department
3. Certificates of other professional skills: 1 staff in the Finance Department; 1 staff in the quality assurance department

(XVIII) The Company's operation procedures:

1. Internal Procedures for Handling Material Information

Chapter 1 General Principles

Article 1. (The purpose of this operating procedure)

In order to establish the Company's good internal major information processing and disclosure mechanism to avoid improper leakage of information.

Ensure the consistency and correctness of the Company's information to the outside world, this operating procedure is formulated to comply with.

Article 2. (Internal handling of material information shall be conducted under the law and these operating procedures)

The Company shall handle and disclose internal material information under the relevant laws and orders and the regulations of the Taiwan Stock Exchange or the Over-the-Counter Securities Trading Center and these operating procedures.

Article 3. (Applicability)

This Procedure applies to directors, managers and employees of the Company. The Company shall urge other persons who have access to material internal information of the Company by identification, occupation or control to comply with the relevant provisions of these Procedures.

Article 4. (Scope of internal material information coverage)

The internal material information referred to in these procedures is prepared by the Company's internal material information handling unit and approved by the Board of Directors, taking into account the Securities and Exchange Act and related laws and orders and the relevant regulations of the Taiwan Stock Exchange or the Over-the-Counter Securities Trading Center.

Article 5. (Specialized unit for handling internal material information)

The Company's internal material information handling unit is the Finance Department, which is composed of the Finance Manager and the suitable and adequate number of members assigned by them according to the size, business situation and management needs of the Company, with the following responsibilities:

- I. To be responsible for the preparation and revision of these operating procedures.
- II. Responsible for receiving inquiries, deliberations and advice related to internal major information processing operations and related to this operation procedure.
- III. To be responsible for receiving reports of material internal information leaks and formulating countermeasures.

IV. To be responsible for preparing the retention system of all documents, files and electronic records related to this operation procedure.

V. Other business related to this operation procedure.

Chapter 2 Internal Procedures for Confidentiality of Material Information

Article 6. (Confidential firewall operations - staff)

The directors, managers and employees of the Company shall execute their business with the care and loyalty of a good manager, in accordance with the principle of good faith, and sign a confidentiality agreement.

Directors, managers and employees who are aware of material information within the Company shall not divulge to others material internal information that they are aware of.

The directors, managers and employees of the Company shall not inquire or collect from any person who knows material internal information of the Company any material internal information of the Company that has not been disclosed by the Company that is not related to their personal duties, nor shall they disclose to any other person any material internal information that has not been disclosed by the Company except as a result of the execution of business.

Article 7. (Confidential Fire Wall Operations - Objects)

When the Company's internal material information files are transmitted in written form, they should be adequately protected. Transmission by e-mail or other electronic means shall be handled with appropriate encryption or security technology such as electronic signatures.

The Company's internal material information files shall be backed up and kept in a secure place.

Article 8. (Confidential firewall operation)

The Company shall ensure the erection of the firewall stipulated in the preceding two Articles and take the following measures:

- I. Appropriate firewall control measures are implemented and tested regularly.
- II. To enhance the storage and confidentiality of the Company's internal material information files that are not publicly available.

Article 9. (Confidential operation of external organizations or personnel)

Organizations or staff outside of the Company shall sign a confidentiality agreement when participating in mergers and acquisitions, important memoranda, strategic alliances, other business cooperation plans, or the signing of necessary contracts, and shall not disclose to others any internal material information known to the Company.

Chapter 3 Procedures for Internal Disclosure of Material Information

Article 10. (Principles for Disclosure of Material Internal Information)

The Company shall adhere to the following principles in disclosing material internal information to the public:

- I. The disclosure of information should be correct, complete and immediate.
- II. Disclosure of information should be supported by evidence.
- III. Information should be disclosed fairly.

Article 11. (Implementation of the spokesperson system)

Unless otherwise required by law or regulation, the Company's spokesperson or proxy spokesperson shall handle the disclosure of internal material information. The order of proxy shall be confirmed; if necessary, the person in charge of the Company may be directly responsible for handling such data.

The content of the speeches of the Company's spokespersons and proxy spokespersons shall be limited to the extent authorized by the Company, and the Company's staff, other than the Company's corporate officers, spokespersons and proxy spokespersons, shall not disclose internal material information to the public without authorization.

Article 12. (Record of internal material information disclosure)

The Company shall keep records of the following information disclosures to the public:

- I. The person, date and time of information disclosure.
- II. The means of information disclosure.
- III. The contents of the information disclosed.
- IV. The contents of the written information delivered.
- V. Other relevant information.

Article 13. (Response to inaccurate media reports)

If the content of media reports does not conform to the content disclosed by the Company, the Company shall immediately clarify and request a correction from such media on the Market Observation Post System.

Chapter 4 Handling of abnormalities

Article 14. (Report of abnormalities)

If the directors, managers and employees of the Company become aware of the leakage of important internal information, they shall report to the responsible unit and the internal audit department as soon as possible.

After accepting the previous report, the dedicated unit shall formulate handling measures and, if necessary, invite internal auditing departments to discuss the handling of the matter and make records of the handling results for inspection. Internal auditing shall also conduct audits following its duties.

Article 15. (Violation handling)

In any of the following circumstances, the Company shall hold the relevant personnel accountable and take appropriate legal measures:

- I. If the Company's personnel disclose internal material information to the public without authorization or violate these procedures or other legal regulations.

- II. If the content of external speech by the Company's spokesperson or proxy spokesperson exceeds the scope of the Company's authorization or violates the provisions of these Procedures or other laws and regulations.

The Company shall pursue legal responsibility through relevant channels for any leakage of material internal information of the Company by persons outside the Company that may cause damage to the Company's property or interests.

Chapter 5 Internal control operations and internal education and promotion

Article 16. (Internal control mechanism)

This procedure is incorporated into the Company's internal control system. As a result, internal auditors should regularly understand its compliance and make audit reports to implement internal processes for handling material information.

Article 17. (Education Advocate)

The Company shall, at least once a year, educate and educate the directors, managers and employees on the operating procedures and related laws and regulations.

Provide education and education to new directors, managers and employees in a timely manner.

Chapter 6 Supplementary Provisions

Article 18. This operating procedure was adopted and amended by the Board of Directors; the first amendment was made on August 2, 2022.

2. Procedures for the Lending of Funds and Endorsements/Guarantees

Chapter 1. General Principles

Article 1. Basis

In order to follow the Company's capital lending and operations and strengthen the financial management of endorsement guarantees and reduce operational risks, these operating procedures are stipulated in accordance with Article 36-1 of the Securities and Exchange Act.

Article 1-1.

The Company shall follow the provisions of these procedures when lending funds or endorsements/guarantees for others.

Article 1-2.

The subsidiaries and parent companies referred to in these procedures shall be recognized following the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

The net worth referred to in these procedures is the equity attributable to the owners of the parent company as defined in the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Chapter 2. Loan

Article 2. The total amount of funds lent and the limits for each target

(I) Following the provisions of the Company Act, the funds of the Company shall not be loaned to shareholders or any other person, except in the following cases:

1. The company or firm with which the Company has business dealings; the aforementioned "business dealings" refers to those with whom the Company has import or sales activities.
2. Companies or firms with which the Company has short-term financing needs are limited to those companies or firms in which the Company owns 20% or more of the shares and have short-term financing needs for business purposes. The amount of financing refers to the cumulative balance of the Company's funding short-term and shall not exceed 40% of the net value of the loan to the Company.

The term "short-term" refers to the period of one year or one business cycle, whichever is longer, as explained in the aforementioned letter from the Ministry of Economic Affairs.

The Company directly and indirectly holds 100% of the voting shares between foreign companies engaged in capital loan; or directly and indirectly holds 100% of the voting shares of foreign companies engaged in capital loan to the company, the limit is not limited by subparagraph 2, paragraph 1, capital loan period of not more than one year as a rule, but by the resolution of the Board of Directors, may be extended for one year.

If the person in charge of the company violates the provisions of paragraph 1, he shall be jointly and severally liable for return with the borrower; if the company is damaged, he shall also be liable for damages.

(II) Total amount of funds lent and limits of individual objects

1. Loans to companies or firms with which the Company business dealings are limited to a total amount not exceeding 20% of the Company's net worth and individual loans are limited to an amount not exceeding the number of business dealings between the two parties in the most recent year. The amount of business transactions means the purchase amount or sales amount between the two parties, whichever is higher.
2. The total amount of funds lent to companies or firms with short-term financing needs shall not exceed 20% of the Company's net worth, and the number of individual loans shall not exceed 10% of the Company's net worth.

Article 3. Funding and term of loan and interest calculation method

- (I) Each capital loan and term from the date of lending, in principle, not more than one year or an operating cycle (whichever is longer).
- (II) Interest is calculated daily by multiplying the sum of the daily lending balance (i.e., the total amount) by the annual interest rate and dividing it by 365 to determine the interest amount. The annual interest rate should not be lower than the Company's average short-term bank borrowing rate.
- (III) Unless otherwise specified, the interest on the loan shall be paid monthly, and the borrower shall be notified one week before the scheduled interest payment date.

Article 4. Review Procedures

(I) Application Procedures

1. The borrower shall provide the basic information and financial information, fill in the application form, describe the purpose of the funds, and submit it to the Company's financial department during the loan period and after the amount.
2. Where funds are loaned for reasons of business dealings, the management personnel of the Finance Department of the Company shall evaluate whether the amount of the loan is proportional to the amount of the business transaction; where short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated, and a credit investigation shall be conducted. The relevant information and the proposed loaning conditions shall be reported to the head of the Finance Department and the general manager and then to the Board of Directors for resolution.
3. Any loan of funds between the Company and its parent company or subsidiaries or between subsidiaries shall be submitted to the board of directors for resolution following the preceding paragraph. The chairman may be authorized to allocate or circulate the funds to the same loan recipient within a certain quota and for a period not exceeding one year as resolved by the board of directors.
4. The "certain financing quota" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except for the loaning

of funds between foreign subsidiaries in which the Company directly or indirectly holds 100% of voting shares.

5. When lending funds to others, the Company shall give due consideration to the opinions of the independent directors, who shall, if they have any objections or reservations, set out in the minutes of the meeting of the Board of Directors.

(II) Credit Investigation

1. For the initial borrower, the borrower shall provide the basic and financial information for credit investigations.
2. In principle, if the borrower continues to borrow, the credit investigation shall be conducted again when submitting the borrowing. In case of a significant or emergency event, it shall be shown at any time as the case may be.
3. Suppose the borrower's financial condition is good, and a CPA for the annual financial statements is entrusted to process the financing. In that case, the investigation report in which the one year has not lapsed may continue to be used. Together with the statement certified by the CPA for the said period, such information shall be used as a reference for loaning.
4. The impact of the loan on the operational risk, financial condition and shareholders' equity of the Company shall also be assessed when the Company conducts a credit investigation of the Borrower.

(III) Loan Approval and Notification

1. After credit investigation and evaluation, if the board of directors resolves not to lend the case, the manager should inform the borrower as soon as possible of the reasons for refusal.
2. After credit investigation and evaluation, if the board of directors approves the loan, the manager should write to the borrower as soon as possible, detailing the Company's terms and conditions of the loan, including the quota, maturity, interest rate, collateral and guarantor, etc., and ask the borrower to complete the contract procedures within the deadline.

(IV) Sign up for warranty

1. The contract terms for the loan shall be prepared by the management personnel, reviewed by the supervisor and sent to the legal counsel for review before the contract is signed.
2. The terms of the agreement shall be consistent with the approved terms and conditions of the loan, and the borrower and the joint guarantor shall complete the guarantee procedures by the manager after signing the agreement.

(V) Collateral value assessment and rights setting

The borrower shall provide the collateral and complete the pledge or mortgage creation formalities if the collateral is involved in the loan. The Company shall also appraise the collateral value to secure the Company's claims.

Article 5. Repayment

After the loan is disbursed, attention shall be paid to the financial, business and credit

conditions of the borrower and the guarantor. If any collateral is provided, attention shall be paid to whether there is any change in the collateral value. The borrower shall be notified to repay the principal and interest one month before the loan's maturity.

1. The interest payable shall be calculated when the borrower repays the loan upon maturity. The promissory note, borrowing document and other debt repayment certificates shall be cancelled and returned to the borrower only after the principal and interest are settled.
2. If the borrower applies for the mortgage to be written off, the borrower shall first check whether there is any loan balance to decide whether to agree to the mortgage write-off.

Article 6. Notes on handling loans of funds to others

- I. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan complies with these Operating Procedures. The Company may loan funds to others only after the evaluation results have been submitted to and resolved by the Board of Directors. The Company shall not empower any other person to make such a decision.
- II. The internal auditors of the Company shall, at least quarterly, audit the working procedures of capital loans to others and their execution, and make a written record. If any major irregularities are found, they shall notify the audit committees in writing.
- III. In the event that the Company changes due to the circumstances and the loan is not in conformity with the provisions of this procedure or the balance exceeds the limit, the auditing unit shall urge the Ministry of Finance to recover the over-limited loans and funds within a specified period of time, and submit the improvement plan to the audit committees, and complete the improvement according to the planned schedule.
- IV. The contractor should prepare a detailed list of funds loaned to other companies for the previous month by the 10th of each month and submit it for review at each level.

Chapter 3. Endorsements/Guarantees

Article 7. The endorsements/guarantees referred to in this procedure include:

- (I) Financing endorsements/guarantees refer to the discounting of customer bills, endorsement or guarantee for financing other companies, and the issuance of separate bills to non-financial companies as a guarantee for corporate financing.
- (II) Tax endorsements/guarantees mean endorsements or guarantees for the Company or another company in connection with a tax matter.
- (III) Other endorsements/guarantees, meaning endorsements or warranties beyond the scope of the above two subparagraphs.
- (IV) Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also comply with this Procedure.

Article 8. Entities for which endorsements/guarantees are made
Except where each capital contributing shareholder makes endorsements/guarantees for its jointly invested company in proportion to its shareholding percentage, the entity of the Company for which endorsements/guarantees are created is limited to the following companies:

1. Subsidiaries with business partnership
2. An invested company that directly holds more than 50% of the ordinary share equity.
3. A parent company and its subsidiaries and the investment company hold more than 50% of the ordinary share equity.
4. A parent company that holds more than 50% of ordinary share equity, either directly by the Company or indirectly through subsidiaries.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other. The number of endorsements/guarantees may not exceed 10% of the Company's net worth. Provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 9. Endorsements/Guarantees Quota

1. The total amount of the Company's external endorsements/guarantees shall not exceed 50% of the net worth of the current period. The quota of endorsements/guarantees for a single enterprise shall not exceed 20% of the net worth for the current period but shall not exceed 30% of the net price for a single overseas affiliate and shall not exceed the total amount of the transactions with the Company in the most recent year if endorsements/guarantees are made as a result of a business relationship (the number of goods purchased or sold between the two parties, whichever is higher). The net worth shall be based on the most recent financial statements certified or reviewed by a CPA.
2. The total quota of external endorsements/guarantees for the Company and its subsidiaries as a whole shall not exceed 50% of the net worth of the Company, and the limit of the endorsements/guarantees for a single enterprise shall not exceed 20% of the net worth of the Company.
3. The Company and its subsidiaries shall state the necessity and reasonableness at the shareholders' meeting if the total amount of endorsements/guarantees provided by the Company as a whole reaches 50% or more of the Company's net worth.

Article 10. Hierarchy of decision-making authority and delegation thereof

The Company's endorsements/guarantees shall be made upon approval of the resolution made by the Board of Directors. However, in order to meet the needs of prescription, the Board of Directors may authorize the chairman of the board (or the general manager, please choose one) to decide in advance within 30% of the current net value, and then report to the Board of Directors for confirmation, and report the relevant situation to the shareholders for review. When the Company makes endorsements/guarantees to others, it shall consider each Independent Director's

opinion. If an Independent Director expresses any dissent or reservation, it shall be noted in the minutes of the meeting of the Board of Directors.

Article 11. Endorsements/Guarantees Procedures

- (I) When an endorsement/guarantee enterprise is required to use the amount of the endorsement/guarantee within the quota, it shall provide the basic information and financial information, fill in the application form and submit the application to the Finance Department of the Company. The Finance Department shall conduct a detailed appraisal and carry out the credit investigation work. The appraisal items include their necessity and reasonableness, engagement in endorsements/guarantees for reasons of business dealings, whether the quota of the endorsements/guarantees is proportional to the amount of the business transaction, the impact on the Company's operational risk, financial condition and shareholders' equity, and whether the collateral and the appraisal of the value of collateral should be obtained.
- (II) The Company's management personnel of the Finance Department shall compile the aforementioned relevant information and appraisal results. Suppose the cumulative balance of the then endorsement/guarantee has not exceeded the net worth by 30% for the current period. In that case, they shall apply to the Chairman (or the General Manager, either one) for approval and submit the report to the Board of Directors for approval. On the other hand, suppose the cumulative balance of endorsements/guarantees has exceeded the net value by 30% for the current period. In that case, it shall be submitted to the Board of Directors for approval and be handled following the resolution of the Board of Directors.
- (III) The endorsement and guarantee registration form established by the Ministry of Finance and Accounting shall contain detailed information on the subject of the endorsements/guarantees, the amount, the date of approval by the board of directors or decision by the chairman, the date of the endorsement and guarantee, the matters that should be prudently evaluated under these regulations, the content of the collateral and its appraised value, and the conditions and date of release from the endorsement and guarantee obligation.
- (IV) At the time of repayment, the endorsement/guarantee enterprise shall copy and submit the repayment information to the Company to release the Company from liability for the guarantee. It shall be recorded on the endorsement/guarantee registration form.
- (V) The Finance Department shall evaluate and record the contingent loss for endorsements/guarantees, adequately disclose information on endorsements/guarantees in its financial reports, and provide CPAs with relevant information to implement necessary audit procedures.
- (VI) When the Company or its subsidiaries are endorsed by a subsidiary with a net value less than one-half of the paid-in capital, in addition to the provisions of the preceding paragraph, the internal auditors of the Company shall audit the endorsement guarantee procedures and their execution at least quarterly and make a written record. If any major violation is found, the Audit Committee shall

be notified in writing.

The amount of paid-in capital calculated in accordance with the provisions of subparagraph 11 of the preceding paragraph shall be the sum of the share capital plus the capital surplus - the issuance premium if the shares of the subsidiary are not denominated in face value or the face value of each share is not NT\$10.

Article 12. Custody of Corporate Chops and Procedures

The corporate chop shall be the dedicated chop for endorsements/guarantees registered with the Ministry of Economic Affairs, which shall be kept in the custody of a person designated by the Chairman as authorized by the Board of Directors. It may be used to seal or issue negotiable instruments only following the Operating Procedures prescribed by the Company.

Article 13. Points to Note for Making Endorsements/Guarantees:

- (I) The internal auditors of the Company shall, at least quarterly, audit the endorsement guarantee operation procedures and their execution, and make a written record. If any major irregularities are found, they shall notify the audit committees in writing.
- (II) If, as a result of a change of circumstances, the Company subsequently fails to comply with the provisions of Article 8 of this Procedure, or the amount of the endorsement guarantee exceeds the amount stipulated in Article 9 of this Procedure due to changes in the basis on which the limit is calculated, the audit unit shall urge the Ministry of Finance to eliminate the amount or excess of the endorsement guarantee of the object at the expiration of the contract or within a certain period of time, and submit the improvement plan to the audit committee, and complete the improvement according to the schedule of the plan, and report to the Board.
- (III) Where the Company needs to exceed the quota set out in these Procedures to satisfy its business requirements, and where the conditions set out in these Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the Directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsements/guarantees. It shall also amend these Procedures accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

The Board of Directors shall, in its deliberations, take into full consideration each Independent Director's opinion. If an Independent Director expresses any dissent or reservation, it shall be noted in the minutes of the meeting of the Board of Directors.

Chapter 4. Information Disclosure (after public offering)

Article 14. Public Announcement and Regulatory Filing Procedures

I. Funds Loaned to Others

- (I) The Company and the Subsidiaries shall enter the balance of the loans of the Company and the Subsidiaries in the previous month into the Market Observation Post System before the 10th of each month.

- (II) The Company whose balance of loans reaches one of the following levels shall enter such event into the Market Observation Post System within two days commencing immediately from the date of occurrence:
 - (1) The balance of loans to others reaches 20% or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
 - (3) The number of new loans or funds reaches NT\$10 million or more and gets 2% or more of the Company's net worth, as stated in its latest financial statement.
- (III) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to disclose and register according to all subparagraphs of the preceding paragraph.
- (IV) The Company shall evaluate the status of its loans of funds, reserve sufficient allowance for bad debts, adequately disclose relevant information in its financial reports and provide CPAs with pertinent details to implement necessary auditing procedures.

II. Endorsements/Guarantees

- (I) The Company shall enter the balance of the Company's and its subsidiaries' endorsement guarantee for the previous month into the Market Observation Post System by the 10th day of each month.
- (II) The Company and its subsidiaries whose endorsements/guarantees reach one of the following levels shall enter such event into the Market Observation Post System within two days commencing immediately from the date of occurrence:
 - 1. The balance of endorsements/guarantees reaches 50% or more of the Company's net worth, as stated in its latest financial statement.
 - 2. The balance of endorsements/guarantees for a single enterprise reaches 20% or more of the Company's net worth, as stated in its latest financial statement.
 - 3. The aggregate amount of guarantees endorsed to a single enterprise of at least NT\$10 million and the aggregate amount of guarantees endorsed to that enterprise, the carrying amount of investments accounted for under the equity method and the balance of loans of funds reached at least 30% of the Company's most recent net financial statements.
 - 4. The number of new endorsements/guarantees reaches NT\$30 million or more and gets 5% or more of the Company's net worth, as stated in its latest financial statement.
- (III) The Company shall enter into the Market Observation Post System on behalf of any subsidiary thereof that is not a public company of the Republic of China in any matters that such subsidiary is required to enter into the Market Observation Post System under all subparagraphs of the preceding paragraph.

(IV) The Company shall evaluate or record the contingent loss for endorsements/guarantees, adequately disclose relevant information in its financial reports, and provide CPAs with relevant information to implement necessary audit procedures.

III. The "date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors resolutions, or other dates that can confirm the entity and monetary amount of the loan of funds or endorsement/guarantee date is earlier.

Article 15. Procedures for controlling loans to others and endorsements/guarantees of subsidiaries' funds

I. Procedures for controlling loans of subsidiaries' funds to others

(I) If a subsidiary of the Company intends to lend funds to others, the subsidiary shall be instructed to establish procedures for lending funds to others and follow such practices; however, the net value is calculated based on the net worth of the subsidiary.

(II) The subsidiary shall prepare a detailed statement of the funds loaned to other companies in the previous month before the 10th (exclusive) of each month, and submit it to the Company for review.

(III) The internal auditors of the subsidiary shall also audit the operating procedures of the capital loan to others and their execution at least quarterly, and make a written record. If any major violation is found, they shall immediately notify the auditing unit of the Company in writing, and the auditing unit of the Company shall send the written information to the audit committees.

(IV) When the Company's auditors conduct an audit of the subsidiaries according to the annual audit plan, they shall also understand the implementation of the subsidiaries' Operating Procedures for Loaning Funds to Others. If any deficiencies are found, they shall continuously track their ratification and prepare a tracking report to be submitted to the General Manager (or the Chairman, depending on which unit the audit unit belongs to).

II. Procedures for Controlling and Managing Endorsements/Guarantees by Subsidiaries

(I) Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its Operating Procedures for Endorsements/ Guarantees for Others, and it shall comply with the Procedures when making endorsements/guarantees; provided, however, that the net worth shall be calculated based on the net worth of the subsidiary.

(II) The subsidiary shall prepare a detailed statement of the endorsements/guarantees made for others in the previous month before the 10th (exclusive) of each month, and submit it to the Company for review.

(III) The internal auditors of the subsidiary shall, at least quarterly, audit the endorsement and guarantee operation procedures and their execution, and

make a written record. If any major violation is found, they shall immediately notify the auditing unit of the Company in writing, and the auditing unit of the Company shall send the written information to the Audit Committees.

- (IV) When the Company's auditors conduct an audit of the subsidiaries according to the annual audit plan, they shall also understand the implementation of the subsidiaries' operating procedures for endorsements/guarantees for others. Furthermore, if any deficiencies are found, they shall continuously track their ratification and prepare a tracking report to be submitted to the General Manager (or the Chairman, depending on which unit the audit unit belongs to).

Article 16. Penalties

Any manager of the Company and officer who violates these Operating Procedures shall be periodically reported for assessment under the personnel management practices and the Company's Employee Handbook and shall be subject to a lighter and heavier punishment under the circumstances. (Please determine according to the actual situation and considerations of each company)

Article 17. Implementation and Amendment

This procedure is approved by the Audit Committee, and then approved by the Board of Directors, and reported to the Board of Shareholders to agree that if any director objects and there is a record or written statement, the Company shall submit his objection to the Audit Committee and the Reporting Board of Shareholders for discussion, and the same shall be amended.

When the Company submits the Operating Procedure for discussion by the Board of Directors under the preceding paragraph, it shall consider each Independent Director's opinion. If an Independent Director expresses any dissent or reservation, it shall be noted in the minutes of the meeting of the Board of Directors.

The formation or amendment of the Operational Procedures for Fund Lending and Endorsement Guarantees shall be approved by more than one half of the members of the Audit Committee and shall be submitted to the Board of Directors for resolution.

Where the approval of more than one half of the members of the Audit Committee is not obtained, the approval of more than two-thirds of the Directors shall be obtained and the minutes of the meeting of the Board of Directors shall reflect the resolution of the Audit Committee.

The members of the Audit Committee and the Directors mentioned in the preceding paragraph refers to those who are in actual incumbent.

Matters which are not covered in these Procedures shall be administered in accordance with the relevant laws and regulations and the relevant provisions of the Company.

3. Procedures for Acquisition or Disposal of Assets

Article 1. Purpose

This Procedure is made explicitly to safeguard the assets and implement public disclosure of information.

Article 2. Regulatory Basis

This procedure is governed by the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the Act) and the Guidelines for the Disposal of Assets Acquired or Disposed of by Public Offering Companies.

Article 3. Scope of Assets

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Membership.
- IV. Patents, copyrights, trademarks, licenses and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, splits, acquisitions, or transfers of shares according to law.
- IX. Other important assets.

Article 4. Terminology

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term forward contracts exclude insurance, performance, after-sales service, long-term lease, and long-term progress (write-off) contracts.
- II. Assets acquired or disposed of as a result of a merger, division, acquisition or share transfer under the law: refers to assets acquired or disposed of as a result of a merger, division or acquisition under the law of a merger or acquisition of an enterprise, the law of a financial holding company, the law of a financial institution, or other law, or the issuance of new shares of a transferee of shares of another company (hereinafter referred to as a share transfer) in accordance with Article 156-3 of the Company Act.
- III. Related parties, subsidiaries: refers to those recognized under the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: A real estate appraiser or another person permitted by law to engage in appraising real estate or equipment.
- V. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions passed by the board of directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier. However, for investment for which approval of

the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

- VI. Investment in Mainland China: Refers to investment activities in mainland China that are approved by Investment Commission, Ministry of Economic Affairs, or investments activities that are in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants using proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities Exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; "Foreign securities exchange" refers to any organized securities exchange market regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Business premises of securities dealers: The domestic business premises of securities dealers refer to the premises where securities dealers are required to conduct transactions at a special counter in accordance with the Administrative Measures for the Trading of Securities by Securities Dealers; the business premises of foreign securities dealers refer to the business premises of financial institutions that are managed by foreign securities authorities and wish to operate securities businesses.

Article 5. Investment Quota on Real Property for Non-Business Use and Marketable Securities
The quota on the acquisition of the assets mentioned above by the Company and each subsidiary individually is as follows:

- (I) The total value of the real property, which is not meant for operation, shall not exceed fifteen percent of the net worth.
- (II) The total amount of investment in marketable securities shall not exceed fifty percent of the net value.
- (III) The total amount of investment in individual marketable securities shall not exceed twenty-five percent of the net value.

Article 6. Any professional appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company or its subsidiary has acquired appraisal reports and opinions from, shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.

- II. The parties to the transaction shall not be related parties or have a substantial relationship with each other.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisers may not be related parties or de facto related parties.

When issuing valuation reports or opinions, the persons mentioned in the preceding paragraph shall handle the following matters in accordance with the self-discipline regulations of their respective trade associations:

- I. Before taking on a case, you should carefully assess your professional competence, practical experience and independence.
- II. When executing a case, appropriate operational procedures shall be properly planned and implemented to form conclusions and issue reports or opinions based on them; and the procedures performed, data collected and conclusions shall be included in detail in the case working draft.
- III. The appropriateness and reasonableness of the data sources, parameters and information used shall be evaluated on an item-by-item basis to serve as the basis for issuing valuation reports or submissions.
- IV. Declarations shall include matters such as the professionalism and independence of the relevant personnel, the appropriateness and reasonableness of the information used, and compliance with relevant laws and regulations.

Article 7. Procedure for the Acquisition or Disposal of Real Property or Other Fixed Assets

- I. Evaluation and Operating Procedures

The Company's acquisition or disposal of real property and other fixed assets shall be administered following the procedures on the fixed asset cycle of the Company's internal control system.
- II. Procedure for the Determination of Transaction Conditions and Authorization Quota
 - (I) The acquisition or disposal of real property shall be proposed to the Chairman of the Board of Directors in the form of an analysis report, referencing the published present value, appraised value and actual transaction price of properties nearby and specifying the transaction conditions and transaction price. Where the transaction amount is below NT\$20,000,000, the proposal shall be approved by the Chairman and subsequently tabled in the next Board of Directors' Meeting for noting; where the transaction amount exceeds NT\$20,000,000, the proposal shall be tabled and passed in the Board of Directors' Meeting before execution.
 - (II) The acquisition or disposal of other fixed assets shall be carried out through solicitation, price comparison, negotiation or tender. Where the transaction amount is below NT\$10,000,000 (inclusive), the approval shall be obtained by the levels of authority granted; where the transaction amount exceeds NT\$10,000,000, the proposal shall be approved by the General Manager and subsequently tabled and passed by the Board of Directors' Meeting before execution.

(III) Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. The Board of Directors shall, when discussing a transaction to acquire or dispose of assets following the preceding provisions, give due consideration to the opinions of the Independent Directors, who shall, if they have any objections or reservations, set out in the minutes of the Board of Directors.

III. Execution Unit

When the Company acquires or disposes of real property or other fixed assets, the proposal shall be approved following the approval authority specified in the preceding paragraphs and executed after that by the user and management departments.

IV. Appraisal Report of Real Property or Other Fixed Assets

In the acquisition or disposal of real property, equipment, or right-of-use assets of the Company where the transaction amount reaches twenty percent of the Company's paid-up capital or NT\$300,000,000 or more, the Company, unless transacting with a domestic government agency, engaging others to build on its land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report (Refer Annex 1 for the details to be recorded in the appraisal report) before the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to exceptional circumstances, a fixed price, specific price or special price is used as a reference for the trading price, the transaction shall be submitted for prior approval by the Board of Directors; the same procedure shall apply whenever there is any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) The valuation result of a professional appraiser is that in any of the following circumstances, except when the valuation result of the acquired asset is higher than the transaction amount or the valuation result of the disposed asset is lower than the transaction amount, the professional appraiser should contact an accountant to express a specific opinion on the reason for the difference and the fairness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

- (IV) No more than three months may elapse between the date of the valuation report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the certificate issued by the court may be substituted for the appraisal report or the Certified Public Accountant opinion.

Article 8. Procedure for Processing of Acquisition or Disposal of Marketable Securities Investment

I. Evaluation and Operating Procedures

The purchase and sale of the Company's marketable securities shall be administered following the procedures on the investment cycle of the Company's internal control system.

II. Procedure for the Determination of Transaction Conditions and Authorization Quota

(I) The sale and purchase of marketable securities in a centralized trading market or a securities dealer's place of business shall be determined by the Responsible Department according to market conditions. Suppose the transaction amount is less than NT\$30,000,000 (inclusive). In that case, the transaction shall be approved by the Chairman of the Board of Directors and subsequently tabled in the next Board of Directors' Meeting for noting, and an analysis report on the long and short-term unrealized profit or loss of the marketable securities shall be presented at the same time; where the transaction amount exceeds NT\$30,000,000, the proposal shall be tabled and passed in the Board of Directors' Meeting before execution.

(II) For the sale and purchase of marketable securities which are not traded in a centralized trading market or a securities dealer's place of business, the Company shall, before the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period, certified or reviewed by a Certified Public Accountant, for reference in appraising the transaction price, taking into account the net value per share, profitability and future development potential, etc. Where the transaction amount is less than NT\$30,000,000 (inclusive), the transaction shall be approved by the Chairman of the Board of Directors and subsequently tabled in the next Board of Directors' Meeting for noting and an analysis report on the long and short-term unrealized profit or loss of the marketable securities shall be presented at the same time; where the transaction amount exceeds NT\$30,000,000, the proposal shall be tabled and passed in the Board of Directors' Meeting before execution.

(III) Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first

obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. In presenting transactions for the acquisition or disposal of assets to the Board for discussion following the preceding provisions, due account shall be taken of the opinions of the independent directors, and any objections or reservations of the independent directors shall be set out in the minutes of the Board of Directors.

III. Execution Unit

When the Company invests in marketable securities, the proposal shall be approved following the approval authority specified in the preceding paragraph and executed by the Finance Department.

IV. Get expert advice

(I) Where the Company acquires or disposes of marketable securities under any of the following circumstances, and the transaction amount is 20% of the Company's paid-in capital or NT\$300 million or more, it shall, prior to the date of occurrence, contact an accountant to express its opinion on the reasonableness of the transaction price. However, this does not apply if the marketable securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission (hereinafter referred to as the Commission).

(II) If the Company obtains or disposes of assets through the court auction process, it may replace the valuation report or the opinion of the accountant with a certificate issued by the court.

Article 9. Processing procedures for related party transactions

I. In addition to obtaining real estate disposal procedures in accordance with Article 7, the Company shall go through the relevant resolution procedures and evaluate the reasonableness of the transaction conditions in accordance with the following provisions. If the transaction amount is more than 10% of the total assets of the Company, it shall also obtain valuation reports or opinions of accountants issued by professional valuers in accordance with the provisions of the preceding section. Besides, in judging whether the transaction subjects are related parties, the substantial relation has to be considered apart from paying attention to the legal form.

II. Evaluation and Operating Procedures

The Company shall submit the following information to the Audit Committee and the Board of Directors for approval before signing a contract and making payment to the Company to acquire or dispose of real estate or its right-of-use assets from the relevant parties or to acquire or dispose of assets other than real estate or its right-of-use assets with a transaction amount of 20% of the Company's actual capital, 10% of its total assets or more than NT\$300 million, except for the purchase and sale of domestic treasury bonds, bonds subject to repurchase, bonds subject to repurchase conditions, monetary market funds subject to subscription or repurchase issued by the domestic securities

investment trust business:

- (I) The purpose, necessity and expected benefits of acquiring or disposing of assets.
- (II) The reasons for selecting the related party as the trading counterpart.
- (III) Acquisition of immovable property or its right-of-use assets from related parties, and assessment of the reasonableness of the conditions of the intended transaction in accordance with the provisions of subparagraphs (1) to (4) and (6) of paragraph 3 of this article.
- (IV) The original acquisition date and price of the related party, the trading partner, its relationship with the company, associated parties, and other matters.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion is obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The amount of transactions in the preceding paragraph and paragraph 6 shall be calculated in accordance with the provisions of Article 14, paragraph 1, subparagraph 6, and shall be based on the date of the occurrence of the facts of this transaction within one year, retrospectively calculated for one year, which has been submitted to the shareholders' meeting, adopted by the board of directors and recognized by the audit committee in accordance with the provisions of this procedure.

The Board of Directors may authorize the chairman of the Board of Directors in accordance with Article 7, paragraph 1, subparagraph 3, to decide on the following transactions between the Company and its parent company, its subsidiaries or its subsidiaries that directly or indirectly hold 100% of the issued shares or the total amount of capital, within a certain limit, and then report to the latest Board of Directors for recognition:

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real estate for business use or right-of-use assets thereto.

When submitting a report to the Board for discussion in accordance with paragraph 2, it shall first be agreed by at least one-half of all the members of the Audit Committee, and the opinions of the independent directors shall be fully taken into account. If the independent directors have objections or reservations, they shall be stated in the minutes of the Board.

If the Company or a subsidiary of a non-domestic public issuance company has a transaction described in paragraph 1, and the transaction amount is more than 10% of the total assets of the Company, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this shall not apply to transactions between the Company and its parent company, subsidiaries, or its subsidiaries.

III. Reasonableness assessment of transaction costs

- (I) When acquiring property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:
 - 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 2. If a related party has set up a mortgage borrower with the subject matter, the financial institution shall assess the total value of the loan of the subject matter, except that the actual cumulative value of the loan of the subject matter by the financial institution shall reach more than 70% of the total assessed value of the loan and the loan period shall be more than one year. However, it is not applicable if the financial institution and the counterparty are related to one another.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) The Company shall acquire real estate or its right-of-use assets from relevant parties, evaluate the cost of real estate or its right-of-use assets in accordance with the provisions of subparagraphs (1) and (2) of paragraph 3 of this Article, and shall contact the accountant for review and express specific opinions.
- (IV) If the Company obtains real estate or its right-of-use assets from related parties in accordance with the provisions of subparagraphs (1) and (2) of paragraph 3 of this Article, and the evaluation results are lower than the transaction price, it shall be handled in accordance with subparagraph (5) of paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional valuer and CPA, this restriction shall not apply:
 - 1. Related party that has obtained prime land or rental land for construction may submit the proof of compliance with any one of the following conditions:
 - (1) Where the undeveloped land is evaluated according to the method specified in the preceding Article, its development is assessed according to the related party's construction cost plus reasonable construction profits. The combined value exceeds the actual transaction price. Reasonable construction profits shall be based on the average operating gross profit margin of the construction sector of the relevant parties in the last three years

or the latest gross profit margin of the construction industry announced by the Ministry of Finance.

- (2) Other non-related party transactions within 1 year in other floors or adjacent areas of the same subject premises, which are similar in size and the trading conditions are equivalent after assessing the reasonable floor or regional price difference according to the real estate trading or leasing practices.
2. The Company certifies the acquisition of real estate or leasehold real estate use rights assets from related parties under conditions comparable to and similar in size to other non-related party transactions within 1 year in neighboring areas. In the case of the transaction in the adjacent area mentioned above, the transaction is in principle based on the same or adjacent street and the radius of the object of the transaction is not more than 500 meters or the current value of its announcement is similar; in the case of the said area is similar, the area of the other ~~non-related party~~ is not less than 50% of the area of the object of the transaction; the aforesaid 1 year is based on the date of the acquisition of the real estate or its right to use assets, and the retroactive calculation is carried forward 1 year.
- (V) If the Company obtains real estate or its right-of-use assets from related parties, and the assessment results are lower than the transaction price in accordance with subparagraphs (1) and (2) of paragraph 3 of this Article, the following matters shall be handled. In addition, the Company and public companies whose investments in the Company are accounted for under the equity method and which are subject to the provisions mentioned above shall not use the special reserve until the assets acquired or leased at a higher price have been recognized as a loss on the decline in value, or have been disposed of or the lease terminated, or have been adequately compensated or restored to their original condition, or there is other evidence that the special reserve is not unreasonable. The Financial Supervisory Commission has approved the special reserve.
1. The Company shall make a provision for a special surplus reserve in accordance with the provisions of Article 41, paragraph 1 of the Securities and Exchange Act with respect to the difference between the transaction price of real estate or its right to use assets and the assessment cost, and shall not distribute or transfer the capital allocated shares. An investor who adopts the equity method for the valuation of the investment of the Company, if it is a publicly-issued company, shall also make a special surplus reserve in accordance with the provisions of Article 41, paragraph 1 of the Securities and Exchange Act in respect of the shareholding ratio.
 2. The independent directors of the Audit Committee shall be subject to the provisions of Article 218 of the Company Act.

3. Points 1 and 2 of paragraph (3) (5) of this paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and public statement.
- (VI) In any of the following circumstances, the Company shall, in accordance with the provisions of paragraphs 1 and 2 of this Article on assessment and operating procedures, acquire real estate or its right-of-use assets from related parties, and shall not apply the provisions of subparagraphs (1), (2) and (3), paragraph 3 of this Article on the assessment of the reasonableness of transaction costs:
1. The related party acquired the property or the right of use thereof through inheritance or as a gift.
 2. More than five years have elapsed from the time the related party signed the contract to obtain the property or the right-of-use assets thereof to the signing date of the transaction.
 3. The real estate is acquired through signing a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
 4. The Company acquires the real estate right-of-use assets for business use with its parent or subsidiaries or by its subsidiaries. It directly or indirectly holds 100% of the issued shares or authorized capital.
- (VII) If the Company obtains real property from a related party and there is other evidence that the transaction is unconventional, it shall also be handled in accordance with subparagraph (5), paragraph 3 of this Article.

Article 10. Procedure for acquiring or disposing of membership certificates or intangible assets or its right-of-use assets

(I) Evaluation and Operating Procedures

The Company acquires or disposes of membership cards or intangible assets or their right-to-use assets following the Company's internal control system fixed asset rotation process.

(II) Procedure for the Determination of Transaction Conditions and Authorization Quota

1. When acquiring or disposing of a membership card, an analysis report shall be prepared and submitted to the general manager regarding the fair market price, the transaction conditions and the transaction price. If the amount is less than one percent of the paid-in capital, or NT\$3 million, the general manager's approval shall be requested, and the report shall be submitted to the board of directors at the most recent board meeting afterward; if the amount exceeds NT\$3 million, it shall be forwarded to the board of directors for approval.
2. The acquisition or disposal of intangible assets or their right-of-use assets shall be reported to the chairman of the board of directors in an analytical report by reference to the expert appraisal report or the fair market price, the resolution of the transaction conditions and the transaction price. Suppose the amount is less than 10% of the paid-in capital, or NT\$20

million. In that case, the report shall be submitted to the chairman of the board of directors for approval and shall be reported to the Board of Directors at the latest meeting afterward; if the amount exceeds NT\$20 million, it shall be submitted to the board of directors for approval.

3. Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. The Board of Directors shall, when discussing a transaction to acquire or dispose of assets following the preceding provisions, give due consideration to the opinions of the Independent Directors, who shall, if they have any objections or reservations, set out in the minutes of the Board of Directors.

(III) Execution Unit

When the Company acquires or disposes of membership cards or intangible assets or their right-of-use assets, the user department and the finance department or administrative department shall be responsible for the implementation after the approval following the authority of the preceding paragraph.

(IV) Expert evaluation report of membership certificates or intangible assets or their right-of-use assets

1. The Company shall request expert appraisal reports for the acquisition or disposal of memberships for which the transaction amount exceeds 1% of the paid-in capital or NT\$3 million.
2. The Company shall request expert appraisal reports to acquire or dispose of intangible assets or their right-of-use assets. The transaction amount exceeds 10% of the paid-in capital, or NT\$20 million.
3. If the transaction amount of the Company's intangible assets or its right-of-use assets or membership certificates obtained or disposed of reaches 20% of the paid-in capital of the Company or NT\$300 million or more, except for transactions with domestic government agencies, the Company shall contact an accountant to express its opinion on the reasonableness of the transaction price before the date of occurrence.

Article 10-1. The calculation of the amount of the first four transactions shall be carried out in accordance with the provisions of Article 14, paragraph 1, subparagraph 6, and shall be based on the date of occurrence of the facts of this transaction within one year, retrospectively calculated for one year, and the valuation report or the opinion of the accountant issued by the professional appraiser who has obtained the valuation in accordance with the provisions of this procedure shall be exempted from recalculation.

Article 11. Procedure for Acquisition or Disposal of Receivables by a Financial Institution

In principle, the Company does not engage in the acquisition or disposal of the claims of financial institutions. However, suppose it wishes to engage in the purchase or removal of the shares of financial institutions in the future. In that case, it will report

to the Board of Directors for approval before finalizing its assessment and operating procedures.

Article 12. Procedure for obtaining or disposing of derivatives

I. Transaction Principles and Strategies

(I) Types of derivative trading:

1. Derivative financial instruments engaged by the Company refer to transaction contracts (such as forward contracts, options, futures, interest rates or exchange rates, swaps, and combined contracts formed by combining the instruments above, among others) whose value is derived from such instruments as assets, interest rates, exchange rates, indices or other benefits.
2. Matters related to the bond margin transactions shall be handled under the relevant provisions of these Procedures. Bond transactions with repurchase conditions shall not be subject to the provisions of this Procedure.

(II) Operating (hedging) strategies

The Company engages in transactions of derivative financial instruments for hedging purposes. The transaction instruments should be selected to avoid the risks arising from the Company's business operations. The currency held must be consistent with the actual foreign currency demand of the Company for import and export transactions. In principle, the Company's overall internal part (referring to foreign currency income and expenditure) should be self-balanced to reduce the Company's overall foreign exchange risk and save the foreign exchange operating costs. Other transactions of specific purpose can only be executed after prudent evaluation and report to the board of directors for approval before proceeding.

(III) Delegation of authority

1. Finance Department

(1) Trading Staff

- A. Responsible for formulating the strategy for trading the company's financial products as a whole.
- B. Traders shall periodically calculate positions every two weeks, list market information, conduct trend judgments and risk assessments, and formulate operational strategies, which shall be used to engage in transactions after being approved by the authority to review and approve.
- C. Transactions are executed according to the authorized authority and the established strategy.
- D. An assessment report shall be issued whenever there is a material change in the financial market, and the trader determines that the established strategy is no longer applicable. The process shall be reformulated at any time. After approval by the general manager, it shall be used as

the basis for engaging in the transaction.

- (2) Accounting Personnel
 - A. Execution of transaction confirmation.
 - B. Review whether transactions are conducted following delegated authority and established policies.
 - C. Reviews are conducted monthly, and review reports are submitted to the General Manager.
 - D. Accounting and bookkeeping.
 - E. Declarations and announcements are made according to the Securities and Futures Bureau requirements.

(3) Delivery personnel: perform delivery tasks.

(4) Derivative commodity approval authority

A. Approval authority for hedging transactions

Approving authority	Daily Trading Permissions	Net Cumulative Part Trading Permissions
General Manager	US\$30,000 (including)	US\$10,000 (including)
Chairman	Over US\$30,000	Over US\$20,000

B. Other special-purpose transactions shall be reported to the board of directors for approval before carrying out.

C. Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. The Board of Directors shall, when discussing a transaction to acquire or dispose of assets following the preceding provisions, give due consideration to the opinions of the Independent Directors, who shall, if they have any objections or reservations, set out in the minutes of the Board of Directors.

2. Audit Department

Responsible for understanding the permissibility of internal control of derivative commodity trading and verifying the compliance of the trading department with operating procedures, analyzing the trading cycle, making an audit report, and submitting it to the Audit Committee for review before the end of the following month after the completion of the audit project; In addition, if the internal auditor finds a major violation or the company is at risk of significant losses, he shall immediately make a report audit and notify the Audit Committee.

3. Performance Evaluation
 - (1) Hedging transactions
 - A. Performance is evaluated based on the profit or loss generated between the cost of the company's book exchange rate and the engagement in financial derivative transactions.
 - B. To fully understand and express the valuation risk of the transaction, the Company evaluates the profit and loss using the monthly valuation method.
 - C. The Finance Department shall provide foreign exchange position evaluation, market trends, and market analysis to the General Manager for management reference and instruction.
 - (2) Specific Transactions

The actual profit or loss generated is used as the basis for performance evaluation, and the accounting staff must regularly prepare reports for the management department.
4. Definition of the total contract amount and loss cap
 - (1) Total contract amount
 - A. Hedging transaction limit

The financial department shall control the overall position of the Company to avoid transaction risks, and the number of hedging transactions shall not exceed two-thirds of the overall net part of the Company.
 - B. Specific Transactions

Based on the prediction of market changes, the Ministry of Finance shall formulate a strategy as required and report it to the General Manager and the Chairman of the Board of Directors for approval before proceeding. The total contract value of the Company's net cumulative position in transactions for specific purposes is limited to US\$1 million.
 - (2) Loss Cap Setting
 - A. In the case of a specific purpose transaction contract, a stopping point shall be established after designating the amount to prevent excessive losses. The maximum stop-loss point shall be set at 10% of the transaction contract amount.
 - B. The number of individual contract losses shall not exceed US\$20,000 or about 5% of the amount of the trading table, whichever is the lower amount.
 - C. The maximum annual loss for trading operations for a specific purpose of the Company is US\$300,000.

II. Risk management measures

(I) Credit Risk Management:

Based on the fact that the market is subject to various factors, which may cause operational risks of derivative financial instruments, the following principles are applied in the management of market risks:

- (1) Trading targets: mainly domestic and foreign well-known financial institutions.
- (2) Transaction Commodities: Limited to commodities provided by well-known domestic and foreign financial institutions.
- (3) Transaction amount: The number of unhedged transactions for the same transaction counterparty shall be limited to 10% of the total authorized amount, except for those approved by the general manager.

(II) Market risk management:

Mainly open foreign exchange trading market provided by banks, not considering futures market for the time being.

(III) Liquidity Risk Management:

To ensure market liquidity, when choosing financial products must be based on a high degree of liquidity (i.e., readily available on the market). In addition, the financial institution to which the transaction is entrusted must have sufficient information and the ability to trade on any market.

(IV) Cash flow risk management

In order to ensure the stability of the Company's working capital cycle, the Company's sources of funding for derivative transactions are limited to its own funds, and the operating amounts should take into account the funding requirements for the next three months' cash flow projections.

(V) Procedural risk management

1. Firmly follow company-authorized quota, operational processes and internal audits to avoid operational risks
2. Personnel engaging in derivatives trading may not serve concurrently in other operations such as confirmation and settlement
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph. It shall report to the Board of Directors or senior supervisors with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated once per week; however, parts for hedging transactions required by the business shall be assessed at least twice per month. Evaluation reports shall be submitted to senior supervisors authorized by the Board of Directors.

(VI) Commodity risk management

Internal traders should have complete and correct professional knowledge of financial instruments, and banks are required to fully disclose the risks to avoid the risk of misuse of financial instruments.

(VII) Legal Risk Management:

Specialists should inspect documents signed with financial institutions in foreign exchange and legal affairs or legal counsel before they are formally signed to avoid legal risks.

III. Internal audit system

(I) The internal auditor shall periodically understand the adequacy of the internal control of derivative commodity trading, verify the compliance of the trading department with the procedures for handling derivative commodity trading on a monthly basis and analyze the trading cycle, and make an audit report. If a major violation is found, the audit committee shall be notified in writing.

(II) The internal auditors shall report the audit report together with the annual audit of the internal audit operation before the end of February of the following year, following the provisions of the Securities and Futures Commission. In addition, they shall report the improvement of abnormal matters before the end of May of the following year at the latest for future reference under the provisions of the Securities and Futures Bureau. (If the Company is already a listed or OTC company, this shall apply; if the Company is publicly offered but has not been listed on the OTC, this shall apply from 2004)

IV. Regular evaluation method

(I) The Board of Directors shall authorize senior executives to regularly monitor and assess whether transactions in derivative products are conducted under the trading procedures established by the Company and whether the risks assumed are within the proper scope. Whether the abnormalities in the market evaluation report (if the holding has exceeded the loss limitation) should be reported to the Board of Directors immediately, and the corresponding measures should be taken.

(II) Derivatives trading positions held shall be evaluated once per week; however, parts for hedging transactions required by the business shall be assessed at least twice per month. Evaluation reports shall be submitted to senior supervisors authorized by the Board of Directors.

V. Principles of Supervision and Management of the Board of Directors when Engaging in Derivative Commodity Transactions

(I) The Board of Directors shall designate senior executives to supervise and control the risks of trading in derivative commodities from time to time. The management principles shall be as follows:

1. The Company periodically evaluates the appropriateness of the current risk management measures. It ensures that they are handled following this Standard and the procedures established by the Company for engaging in derivative transactions.

2. Appropriate measures shall be adopted when bizarre circumstances are found in supervising transactions and profit-loss affairs. A report is immediately made to the Board of Directors; where the Company

has independent directors, an independent director shall be present at the meeting and express an opinion.

- (II) Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.
- (III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading following its Procedures for Engaging in Derivatives Trading.
- (IV) When the Company engages in derivative commodity transactions, it shall establish a memorandum of understanding, which shall be set out in detail in the memorandum of understanding as to the type and amount of derivative commodity transactions, the date of approval by the Board of Directors and the matters to be carefully assessed under subparagraph (2), paragraph 4 and subparagraph (1) and (2), paragraph 5 of this Article.

Article 13. Handling of merger, demerger, acquisition or transfer of shares

I. Evaluation and Operating Procedures

- (I) When the Company handles a merger, demerger, acquisition or transfer of shares, it is appropriate to entrust attorneys, CPAs, and underwriters to jointly discuss the estimated schedule of statutory procedures. Accordingly, the project team shall be organized following the statutory guidelines. Before convening the meeting of the Board of Directors to resolve the matter, a CPA, attorney, or securities underwriter shall be engaged to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and approval. However, a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or total capital, or a merger between subsidiaries in which the Company directly or indirectly owns 100 percent of the issued shares or total capital, is exempt from obtaining a reasoned opinion issued by the preceding expert.
- (II) The Company shall prepare a public document to shareholders prior to the meeting of the shareholders' meeting on the important contents of the merger, division or acquisition and related matters, and shall notify the expert opinions in subparagraph (1), paragraph 1 of this Article and the meeting of the shareholders' meeting to be delivered to the shareholders as a reference for whether to agree to the merger, division or acquisition. If a provision of another act exempts a company from convening a Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the

follow-up measures, and the initial date of the next Shareholders' Meeting.

II. Other precautions to be taken

- (I) Date of the Board meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition unless otherwise provided by other laws or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction unless otherwise provided by other laws or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.
- (II) Prior Confidentiality Undertakings: All persons who participate in or become aware of the Company's merger, demerger, acquisition, or share transfer plan shall issue a written confidentiality undertaking and shall not disclose the contents of the project before the information is made public, nor shall they, on their own or in another person's name, buy or sell shares and other securities of an equity nature of all the Company in connection with the merger, demerger, acquisition or share transfer.
- (III) Principle of proportional conversion or modification of the purchase price: A company involved in a merger, division, acquisition or share transfer shall, before the board of directors of both parties, invite the accountant, lawyer or underwriter of securities to express an opinion on the proportional conversion, the purchase price or the reasonableness of the cash or other property of the allotted shareholders and to report to the board of shareholders. In principle, the share exchange ratio or acquisition price may not be changed unless the conditions for the change have been stipulated in the contract and have been publicly disclosed. The share exchange ratio or acquisition price may be changed as follows:
 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 2. The action of disposal of major assets that affects a company's financial operations.
 3. The occurrence of major disasters and changes in technology that affects a company's shareholders' equity or securities price.
 4. The adjustment of treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.
 5. Number of entities or companies that participating in the merger, split, acquisition, or transfer of shares has increased or decreased.
 6. Terms or conditions may be altered which has been stipulated in the contract and have been publicly disclosed.

- (IV) Deed of Merger, Split, Acquisition or Transfer of Shares The deed of a company shall contain, in addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the following particulars:
1. The handling of a breach of contract
 2. The principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The principles for the handling of the amount of treasury stock that the participating is permitted to buy back lawfully after the base date for the calculation of stock swap.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. If the exercise did not complete according to plan, the Company shall call for a shareholders' meeting in accordance with relevant provisions, the preliminary date for the said shareholders' meeting, and relevant procedures.
- (V) When the number of companies involved in a merger, demerger, acquisition or transfer of shares changes: If any party involved in a merger, demerger, acquisition or transfer of shares intends to merge, demerge, acquire or transfer shares with another company after the information has been made public, the participating companies shall be exempted from convening a shareholders' meeting to resolve the matter again, unless the number of participants has been reduced and the shareholders' meeting has resolved and authorized the board of directors to change the authority of the merger, demerger, acquisition or transfer of shares, and the procedures or legal acts performed in the original merger, demerger, acquisition or transfer of shares shall be repeated by all participating companies.
- (VI) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a complete written record of the following information and retain it for five years for reference:
1. Primary identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares before the disclosure of the information.
 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 3. Essential documents and minutes: Including the proposal for the

merger, split, acquisition, share transfer, letter of intent or memorandum of understanding, material contracts, minutes of meetings of the Board of Directors and other documentation.

- (VII) If a company participating in a merger, division, acquisition or share transfer has a non-public issuing company, the Company shall enter into an agreement with it and shall proceed in accordance with the date of convening the board of directors in accordance with subparagraph (1), paragraph 2 of this Article, the prior commitment of confidentiality in subparagraph (2), the change in the number of companies participating in the merger, division, acquisition or share transfer in subparagraph (5) and the provisions of subparagraph (6).

Article 14. Information Disclosure Program

- I. Items subject to the public announcement and regulatory filing and threshold requiring public information and regulatory filing
- (I) Acquisition or disposal of property or the right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or the right-of-use assets thereof from or to a related party, where the transaction amount reaches 20% of the paid-up capital of the Company, or 10% of the total assets of the Company, or NT\$300 million and above. However, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of currency market funds issued by local securities investment funds and trustees.
 - (II) Merger, split, acquisition or transfer of shares.
 - (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Corporation.
 - (IV) The type of assets acquired or disposed of belongs to the equipment or right-of-use assets thereof for business use. Furthermore, the counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. The Company's paid-in capital is less than NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 - 2. The Company's paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.
 - (V) Acquisition or disposal by the Company in the construction business of real estate or right-of-use assets thereof for construction use, and the counterparty is not a related party, and the transaction amount reaches NT\$500 million or more; among such cases, if the Company has the paid-in capital of NT\$10 billion or more, and it is disposing of real estate from a completed construction project that it constructed itself. If the counterparty is not a related party, the threshold shall be a transaction amount reaching NT\$1 billion or more.

(VI) If the Company acquires a real estate by self-commissioned construction, land-leased construction, joint construction and subdivision, joint construction and subdivision, or joint construction and sub-sale, and the counter-parties are not related parties, the estimated transaction amount to be invested by the Company is less than NT\$500 million.

(VII) Except for the preceding six subparagraphs, asset transactions, financial institutions disposal of claims or investment in mainland China, the transaction amount of 20% of the company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances:

1. Buy and sell domestic bonds or credit rating is not lower than China's sovereign rating level of foreign bonds.
2. Where done by professional investors —securities trading on securities exchanges or OTC markets
Trading in securities, or subscribing for foreign government bonds or ordinary corporate bonds issued by public offerings in the domestic primary market and ordinary financial bonds that do not involve equity, (excluding subordinated bonds), or subscribing for or repurchasing securities investment trust funds or futures trust funds, or subscribing for or selling back index investment securities or securities brokers for underwriting business needs, acting as counseling and recommending securities brokers to subscribe for securities in accordance with the provisions of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The previous transaction amount shall be calculated as follows, and within the preceding year as used herein refers to the year preceding the date of occurrence of the current transaction. Items announced under regulations need not be counted toward the transaction amount.

1. Amount per transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterpart within a year.
3. The amount of real estate under the same development plan or its right-of-use assets is cumulatively acquired or disposed of (respectively acquired or disposed of) within one year.
4. The cumulative amount of acquisition or disposal (separate cumulation) of the same negotiable securities within one year.

II. Timeframe for Public Announcement and Regulatory Filing

Assets acquired or disposed of by the Company have an announceable item in paragraph 1 of this Article. The transaction amount reaches a threshold requiring public announcement and regulatory filing under this Article, shall be announced and declared within two days from the date of the occurrence.

III. Public Announcement and Regulatory Filing Procedures

- (I) The Company shall make a public announcement and regulatory filing of the relevant information on the website designated by the Securities and Futures Bureau.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries of the Company that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is necessary to correct it, all the things shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.
- (IV) When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions of CPAs, lawyers, and securities underwriters at the Company, and retain them for 5 years unless otherwise provided by the law.
- (V) Where any of the following circumstances occurs concerning a transaction that the Company has already publicly announced and reported following the preceding Article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within two days counting inclusively from the date of occurrence of the event:
 - 1. The originally signed contract is modified, terminated, or revoked.
 - 2. A company listed on an exchange or has its shares traded on an OTC market has not completed the merger, demerger, acquisition, or transfer of another company's shares by the scheduled date outlined in the contract.
 - 3. Changes are made to the content of the original public announcement.

IV. Format of public announcement

- (I) The format of the public announcement of the matters and contents for the Company's trading of securities of the Parent Company and its Subsidiaries or Affiliates in the domestic and foreign centralized markets or the Taipei Exchange is set out in Annex II.
- (II) The format of the public announcement of the matters and contents to be announced for the acquisition of real estate under an arrangement on engaging others to build on the Company's land, joint construction and allocation of housing units, joint building and distribution of ownership percentages, or joint construction and separate sale is outlined in Annex III.
- (III) The format of public announcement for the acquisition or disposal of real estate and other fixed assets and the acquisition of real estate from a related party is outlined in Annex IV.

- (IV) The format of public announcement for trading securities, memberships and intangible assets and disposal of receivables by financial institutions on markets other than the centralized markets or OTC markets is outlined in Annex V.
- (V) The format of public announcement for investments in mainland China is set forth in Annex VI.
- (VI) The format of public announcement for derivatives trading within two days from the occurrence is outlined in Annex VII-I.
- (VII) The format of public announcement for derivatives trading before the 10th day of each month is outlined in Annex VII-II.
- (VIII) The format of public announcement for merger, demerger, acquisition or transfer of shares is outlined in Annex VIII.

Article 15. The subsidiaries of the Company shall deal with the matters in accordance with the following provisions:

- I. The Subsidiary shall also formulate the "Procedure for Acquisition or Disposal of Assets" following the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", which shall be reported to the Board of Shareholders of both parties upon adoption by the Board of Directors of the Subsidiary, and shall comply with the same in case of any amendments.
- II. A subsidiary shall acquire or dispose of the assets following the provisions of the Company.
- III. Where a subsidiary is not a public company and the acquisition or disposal of assets reaches a threshold requiring public announcement and regulatory filing outlined in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the parent company shall also handle the public information and regulatory filing on behalf of the subsidiary.
- IV. The paid-in capital or total assets of the parent company (the Company) shall be the standard applicable to a subsidiary in determining whether it reaches a threshold requiring public announcement and regulatory filing relative to paid-in capital or total assets.

Article 15-1. For the calculation of 10% of total assets under the Procedures, the total assets stated in the Company's most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

If the Company's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital under the Procedures shall be calculated based on 10% of the equity attributable to the owners of the parent company; the transaction amount of the paid-in capital under the Procedures amounting to NT\$10 billion shall be calculated based on the equity attributable to the owners of the parent company of NT\$20 billion.

Article 16. Penalties

Any employee of the Company who undertakes to acquire and dispose of assets in violation of the provisions of this Procedure shall be periodically reported for

assessment under the personnel management practices and the Employee Handbook of the Company and shall be subject to a lighter and heavier punishment under the circumstances.

Article 17. Implementation and Amendment

The Company's Procedure for the Acquisition or Disposal of Assets was approved by the Audit Committee and then approved by the Board of Directors and reported to the Shareholders' Meeting for approval, and the same shall apply when amended. If a director objects and there is a record or written statement, the company shall also submit the director's objection information to the audit committee. The Board of Directors shall, in its deliberations, take into full consideration each Independent Director's opinion. If an Independent Director expresses any dissent or reservation, it shall be noted in the minutes of the meeting of the Board of Directors.

The formulation or amendment of the "Procedures for Acquisition or Disposal of Assets" shall be approved by more than one-half of the members of the Audit Committee and shall be submitted to the Board of Directors for resolution. Where the approval of more than one half of the members of the Audit Committee is not obtained, the approval of more than two-thirds of the Directors shall be obtained and the minutes of the meeting of the Board of Directors shall reflect the resolution of the Audit Committee.

The members of the Audit Committee and the Directors mentioned in the preceding paragraph refers to those who are in actual incumbent.

Matters which are not covered in this Procedure shall be administered in accordance with the relevant laws and regulations and the relevant provisions of the Company.

Article 18. Supplementary Provisions

Any matters not covered in this Procedure shall be handled under the relevant laws and regulations.

(XIX) Protective Measures for Working Environment and Personal Safety of Employees:
The Company is dedicated to creating a secure and healthy work environment and corporate culture to fulfill its social responsibilities as the corporate. Along with adhering to applicable domestic regulations, the Company strives for zero accidents in the workplace and consistently fosters a culture of occupational safety to protect the well-being of its employees.

1. Working Environment

- (1) The Company is located on the 18th floor of No. 88, Sec. 2, Zhongxiao East Road, Zhong-Zheng District, Taipei City, conveniently located in the center of the city. The financial center building in which we are located is well managed, with 24-hour security guards and regular fire safety inspections by the management committee.
- (2) All the companies on the other floors of the building where the Company is located are legally registered companies, so access is simple. In addition, the company is equipped with an access control security management system, which requires an authorized access card to enter the Company, allowing employees to work with peace of mind.
- (3) Every six months, an operation environment monitoring is conducted to measure the concentration of carbon dioxide as defined by regulations. If any abnormal occurrences are detected during the monitoring, an assessment and improvement will be carried out to ensure the well-being of employees.
- (4) Every six months, a self-defense fire drill is conducted to maintain a safe working environment for everyone and ensure personal safety.

2. Personal Safety

- (1) Public Accident Liability Insurance - The Company takes out public accident liability insurance every year under the law to protect the rights and interests of employees.
- (2) Group Insurance - The Company takes out group insurance for employees every year to provide them with accident insurance coverage on their way to and from work and during work.
- (3) Travel Insurance - The Company provide travel insurance for our employees to protect them from accidents and medical treatment during their business trips.
- (4) Doctors and nursing staff with contract are appointed in accordance with the law to provide on-site health services, plan and execute occupational health education, health promotion, provide hygiene guidance, handle the prevention and treatment of work-related injuries and illnesses, offer health consultations, and provide emergency first aid and emergency response, all aimed at meeting the health needs of employees. Regular health check-ups and influenza vaccinations are also conducted to effectively assess and monitor employees' health status.

(XX) Code of conduct and ethics for employees

The Company will at all times inform its employees of the code of conduct and the ethical standards to be followed, including:

1. Employees shall maintain the confidentiality of company secrets and all information
2. Employees should strictly abide by the company's personnel rules and regulations
3. Employees should comply with government regulations, including those related to insider trading prevention

IV. Information on CPA expenses:

- (I) The proportion of non-audit fees paid to the certified public accountant, the certified public accountant's firm, and their affiliates are at least one-fourth of the audit fees.

Unit of amount: NT \$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Feng, Min-Juan	2023.01.01- 2023.12.31	1,400	-	1,400	N/A
	Xu, Yong-Jian					

Non-audit public service content: None.

- (II) Audit fees paid in the year of replacement of the accounting firm compared with the year before replacement: None.
- (III) Audit fees decreased by more than 15% in the previous year: no such situation.
- (IV) Certified Public Accountant / CPA's Independence and Competency Assessment: The Company in accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 to establish the independent assessment list. Conduct the evaluation with reference to Audit Quality Indicators (AQIs). The assessment results of the most recent fiscal year were discussed and approved by the Audit Committee on March 8, 2023, and subsequently submitted to the Board meeting on March 8, 2023, for the board's resolution on the accountant's independence and suitability assessment.

2023 Annual Visa Accountant Independence and Competency Assessment Form

Evaluation Unit: Board of Directors

Assessment year: 2023

Assessment Date: 3/8/2023

Evaluation of Appointed Certified Public Accountant / CPA Firm and Accountants: Assessment of Certified Public Accountants/ Feng, Min-Juan and Xu, Yong-Jian: Considering Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Integrity, Impartiality, Objectivity and Independence":

Evaluation Item	Result of Assessment
1. There is no direct or material indirect financial interest between the certifying accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no significant-close commercial relationship between the certified public accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. The Certified Public Accountant had no potential employment relationship at the time of the audit of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The Certified Public Accountant has never had any money loan with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation Item		Result of Assessment
5.	The Certified Public Accountant / CPA has not received any gifts or presents of significant value from the Company, its directors and supervisors, or its managers (the value of which exceeds the standard of typical social etiquette).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.	The Certified Public Accountants have not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7.	The Certified Public Accountant / CPA does not hold any shares in the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8.	The Certified Public Accountant / CPA themselves, their spouse or dependent, or their audit team did not hold any positions as directors, supervisors, or managers of the Company during the audit period or within the last two years or any work that has a significant influence on the audit case, and they have determined that they will not hold such positions in the future audit period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9.	Whether the Certified Public Accountant / CPA has complied with the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 on Independence and has obtained a "Declaration of Independence" issued by the Certified Public Accountant / CPA.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(V) Evaluation Results:

The financial statements have been audited and certified by Certified Public Accountant / CPA Feng, Min-Juan and Xu, Yong-Jian. Their independence and suitability have been assessed to be in order.

V. Change of accountant information: The Company has not changed accountants.

VI. The chairman, general manager or manager in charge of financial or accounting affairs of the company, who has worked for the firm to which the certified public accountant belongs or its affiliated enterprises in the last year: None

VII. Stock Transfer and Pledge of Directors, Supervisors, Management Team and Major Shareholders who Own exceeding 10% of the Stock in the most recent year and as of the Publication Date of the Annual Report:

(I) Changes in Shareholding

Unit: Share

Title	Name	2023		The current year ended on April 15.	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
The legal entity as director holding exceeding 10% of the shares of shareholders	Wei Sheng Investment Co., Ltd.	(27,000)	0	0	0
Chairman	Zhao, Xi-Zheng	0	0	0	0
Vice Chairman	Li, Yao-Kui	0	0	0	0

Title	Name	2023		The current year ended on April 15.	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
The director also works part-time as the general manager	Lin, Hong-Pei	0	0	0	0
The director also works part-time as the deputy general manager	Yang, Shi-Huai	0	0	0	0
Director	Chen, Li-Min	0	0	0	0
Independent Director	Guo, Dong-Long	0	0	0	0
Independent Director	Lin, Hao-Sheng	0	0	0	0
Independent Director	Nian, Xiao-Jing	0	0	0	0
Finance & Accounting Manager	Luo, Jia-Ling	0	0	0	0

Note 1. Shareholders holding more than 10% of the Company's total shares shall be stated as significant shareholders and listed separately.

Note 2. The following table should be completed if the party to whom the stock is transferred or pledged is a related party.

- (II) Information on equity transfer: There are no conditions of equity transfer where the counterparty is a related party.
- (III) Pledge of Stock Right information: There are no cases where the Pledge of Stock Right counterparty is a related party.

VIII. Shareholding ratio among the top ten shareholders is related to each other in the Statements of Financial Accounting Standards No. 6, or information on kinship within the spouse, second parent, etc.:

April 15, 2024

Name (Note 1)	Shares held by himself/herself		Shares held by his/her spouse and minor children (Note 2)		Shareholding by Nominees		The names and relationships of the top ten shareholders who are related to each other in accordance with the Statements of Financial Accounting Standards No. 6 or who are relatives within the scope of spouse, second parent, etc. (Note 3)		Remarks
	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Designation (or Name)	Relationship	
Representative of Wei Sheng Investment Co., Ltd.: Yang, Yi-Lan	9,381,321	23.31%	7,524	0.02%	0	0.00%	Li, Shi-Chang Li, Shi-Kui	Sister-in-law Sister-in-law	N/A
Li, Shi-Chang	3,916,005	9.70%	0	0.00%	0	0.00%	Li, Shi-Kui Yang, Yi-Lan	Brother Sister-in-law	N/A
Li, Shi-Kui	3,174,000	7.87%	0	0.00%	0	0.00%	Li, Shi-Chang Yang, Yi-Lan	Brother Sister-in-law	N/A
Representative of Xiangli Investment Co., Ltd.: Li, Xin-Lin	2,814,705	6.97%	0	0.00%	0	0.00%	Li, Yao-Kui	Father-Daughter	N/A
Yan, Zhao-Xiang	1,262,206	3.13%	0	0.00%	0	0.00%	N/A	N/A	N/A
Yang, Mei-Si	1,006,113	2.49%	154,290	0.38%	0	0.00%	Yang, Shi-Huai Yang, Zhan-Kui	Siblings Siblings	N/A
Yang, Shi-Huai	901,126	2.23%	0	0.00%	0	0.00%	Yang, Zhan-Kui Yang, Mei-Si	Brother Siblings	N/A
Treasury stock account at YUAN HIGH-TECH DEVELOPMENT CO.	599,000	1.48%	0	0.00%	0	0.00%	N/A	N/A	N/A
Wang, Wanzhen	548,000	1.36%	0	0.00%	0	0.00%	N/A	N/A	N/A
Li, Yao-Kui	500,897	1.24%	0	0.00%	0	0.00%	Li, Xin-Lin	Father-Daughter	N/A

Note 1. All the top ten shareholders should be listed. If they are legal person shareholders, the name of the legal person shareholder and the representative's name should be listed separately.

Note 2. The calculation of shareholding ratio refers to the measure of shareholding ratio in one's name, in the name of the spouse, in the name of the minor children, or another person's name.

Note 3. The shareholders previously disclosed that both legal and natural persons should reveal their relationship according to the issuer's requirements for preparing financial statements.

IX. Consolidated Number of Shares Owned by the Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company:

Unit: shares; %

Re-investment business (note)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Consolidated Investment	
	Held at the end of the Period	Shareholding ratio	Held at the end of the Period	Shareholding ratio	Held at the end of the Period	Shareholding ratio
Not applicable						

Note: Long-term investments are accounted for by the equity method.

Chapter 4. Capital Overview

I. The Company's capital and shareholdings are accounted for as follows

(I) Share Capital Source:

1. Capital formation

Unit: shares, NT\$

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Held at the end of the Period	Amount	Held at the end of the Period	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Other
1990.10	10	500,000	5,000,000	500,000	5,000,000	In Cash	N/A	N/A
1994.07	10	2,000,000	20,000,000	2,000,000	20,000,000	Increases by 15,000,000	N/A	Jian Yi Zi No. 864201
1996.03	10	4,000,000	40,000,000	4,000,000	40,000,000	Increases by 20,000,000	N/A	Jianyi Zi No. 01005926
1997.06	10	12,000,000	120,000,000	12,000,000	120,000,000	Increases by 80,000,000	N/A	N/A
1998.04	10	15,000,000	150,000,000	15,000,000	150,000,000	Increases by 30,000,000	N/A	N/A
1998.09	10	35,000,000	350,000,000	24,000,000	240,000,000	Increases by 60,000,000 Surplus Transfer of 30,000,000	N/A	(87) Taiwan Finance Certificate (1) No. 85915
1999.10	10	35,000,000	350,000,000	25,266,000	252,660,000	Surplus Transfer of 12,660,000	N/A	(88) Taiwan Finance Certificate (1) No. 79837
2000.10	10	35,000,000	350,000,000	26,597,300	265,973,000	Surplus Transfer of 13,313,000	N/A	(88) Taiwan Finance Certificate (1) No. 80617
2001.12	10	35,000,000	350,000,000	27,858,527	278,585,270	Surplus Transfer of 12,612,270	N/A	(90) Taiwan Finance Certificate (1) No. 168405
2004.11	-	80,000,000	800,000,000	27,858,527	278,585,270	Not applicable	N/A	Fu Jian Shang No. 09323867110
2007.07	10	80,000,000	800,000,000	33,729,787	337,297,870	Surplus Transfer of 58,712,600	N/A	(96) Jin Guang Zheng (I) Zi No. 0960035548
2021.09	10	80,000,000	800,000,000	40,355,944	403,559,440	Surplus Transfer of 66,261,570	N/A	Fu Chan Shang Zi No.11052968900

2. Share Type

Share Type	Authorized Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Common stock	40,355,944 (OTC listing)	39,644,056	80,000,000	599,000 treasury stock shares

Over-the-counter Shares Outstanding

3. Buyback of the Company's shares

No.	The First
Date of the resolution of the Board of Directors	2020.03.20
Purpose of Repurchase	Transfer ownership of shares to employees
Scheduled buy-back period	2020.03.23 ~ 2020.05.22
Estimated number of shares to be repurchased	1,000,000 shares
Repurchase price range	NT\$45 to NT\$70
Type and Amount of Shares Repurchased	599,000 shares
Amount of Shares Repurchased	NT\$38,296,300
Average repurchase price	NT\$63.93
Date of Transferred Employees	N/A
Number of transferred shares	N/A
The accumulated holding of the Company's shares	599,000 shares
Cumulative number of shares held by the Company as a percentage of the total number of shares issued (%)	1.78%
Reason for incomplete execution	Stock price stabilized during the buyback period

(II) Shareholder Structure

April 15, 2024

Shareholder Structure Item	Government Agencies	Financial Institutions	Other institutional shareholders	Foreign institutions and foreigners (note)	Domestic Natural Persons	Total
Number of shareholders	0	0	31	24	6, 273	6, 328
Shares Held	0	0	13, 192, 210	305, 132	26, 858, 602	40, 355, 944
Shareholding ratio	0. 00%	0. 00%	32. 69%	0. 76%	66. 55%	100. 00%

Note: Land-based shareholding ratio: 0.00%

Note: The first listed (OTC) company and the emerging stock company shall disclose their shareholding ratio of the capital from Mainland China; "Capital from Mainland China" refers to the individuals, legal persons, organizations, and other institutions in Mainland China or companies that they invest in a third region as stipulated in Article 3 of the Measures on Permission for Mainlanders' Investment in Taiwan.

(III) Share distribution

April 15, 2024

Range of Shares	Number of Shareholders	Shares Held	Shareholding ratio
1~999	1,717	279,328	0.69%
1,000~5,000	4,061	7,101,654	17.61%
5,001~10,000	309	2,305,108	5.71%
10,001~15,000	96	1,205,289	2.99%
15,001~20,000	48	860,400	2.13%
20,001~30,000	37	940,200	2.33%
30,001~40,000	15	527,200	1.31%
40,001~50,000	9	405,156	1.00%
50,001~100,000	17	1,140,196	2.83%
100,001~200,000	7	942,040	2.33%
200,001~400,000	2	546,000	1.35%
400,001~600,000	3	1,647,897	4.08%
600,001~800,000	0	0	0.00%
800,001~1,000,000	1	901,126	2.23%
Over 1,000,001	6	21,554,350	53.41%
Total	6,328	40,355,944	100.00%

Preferred Stock

April 15, 2024

Range of Shares	Number of Shareholders	Shares Held	Shareholding ratio
To grade by yourself under the actual circumstances	0	0	0%
Total	0	0	0%

(IV) List of major shareholders: shareholders holding more than 5% of the total amount of shares or the equity ratio of the top 10 shareholders

Base date: April 15, 2024

Shares	Shares Held	Shareholding ratio
Name of Major Shareholders		
Wei Sheng Investment Co., Ltd.	9,381,321	23.25%

Shares	Shares Held	Shareholding ratio
Name of Major Shareholders		
Li, Shi-Chang	3,916,005	9.70%
Li, Shi-Kui	3,174,000	7.87%
Representative of Xiangli Investment Co., Ltd.:	2,814,705	6.97%
Yan, Zhao-Xiang	1,262,206	3.13%
Yang, Mei-Si	1,006,113	2.49%
Yang, Shi-Huai	901,126	2.23%
Treasury stock account at YUAN HIGH-TECH DEVELOPMENT CO.	599,000	1.48%
Wang, Wanzhen	548,000	1.36%
Li, Yao-Kui	500,897	1.24%

(V) Share price, Net value, Earnings, Dividends and related information in the 2 past years

Unit: NTD; %; Shares

Item	Year	2022	2023	As of March 31, 2024 (Note 8)	
Market Price per Share (Note 1)	Highest	130	186	147	
	Lowest	58.3	72	101.5	
	Average	102.43	103.38	128.05	
Net Worth per Share (Note 2)	Before distribution	44.27	45.42	43.29	
	After distribution	40.47	41.92	39.79	
Earnings per Share	Weighted Average Shares	39,756,944	39,756,944	39,756,944	
	Earnings per share (Note 3)	7.91	5.07	1.37	
Dividends per Share	Cash Dividends		3.8	3.5	N/A
	Free allotment	Surplus allotment	0	0	N/A
		Stock dividends appropriated from capital surplus	0	0	N/A
	Accumulated undistributed dividends (Note 4)		151,076,387	139,149,304	139,149,304
Return on Investment	Price-to-earnings ratio (Note 5)	12.95	20.39	N/A	
	Price-to-dividends ratio (Note 6)	26.96	29.54	N/A	
	Cash dividend yield (Note 7)	0.04	0.03	N/A	

* If shares are distributed in connection with capitalization of earnings or capital surplus, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1. List the highest and lowest market prices of common shares each year, and calculate the average market price of each year according to the transaction value and trading volume of each year.

Note 2. Please refer to the number of shares issued at the end of the year and fill in according to next year's shareholders' meeting distribution.

Note 3. If retroactive adjustment is required due to free allotment, etc., the surplus earnings per share before and after adjustment shall be listed.

Note 4. Suppose the conditions for the issuance of equity securities stipulate that the dividends not paid in the current year can be accumulated until the surplus year. In that case, the collected and unpaid dividends up to the current year shall be disclosed, respectively.

Note 5. $P/E = \text{average closing price per share} / \text{earnings per share}$ for the year.

Note 6. $\text{Capital profit ratio} = \text{Average closing price per share} / \text{Cash dividend per share}$ for the year.

Note 7. $\text{Cash dividend yield} = \text{cash dividend per share} / \text{average closing price per share}$ for the year.

Note 8. The net worth per share and surplus earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the Certified Public Accountants / CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

(VI) Company's Dividend Policy and Implementation Status

1. Dividend Policy: Article 19 of the Articles of Association of the Company: The dividends of the Company may be distributed in part or in whole by way of cash dividends. The stock dividend shall not be higher than 90% of the dividend distributed in the current year.
2. The distribution of earnings for the year 2023 is as follows:

YUAN High-Tech Development Co., Ltd.

2023 earnings distribution statement

Unit: NT\$

Item	Amount
Undistributed earnings at the end of the period	928,452,375
Less: adjustment of retained earnings in 2023	(4,853,177)
Undistributed earnings after adjustment.	923,599,198
Add: Net profit after tax for the current year	201,539,159
Less: Legal reserve	(19,668,598)
Distributable net profit	1,105,469,759
Less: cash dividend distributed to shareholders (NT\$3.5 per share)	(139,149,304)
Undistributed earnings at the end of the period	966,320,455

Chairman: Zhao,
Xi-Zheng

Managerial Personnel: Lin,
Hong-Pei

Principal Accounting Officer: Luo,
Jia-Ling

(VII) Impact of share allotment without consideration resolved by the Shareholders' Meeting on the operating performance and earnings per share of the Company:

Item	Year	2024
Opening paid-in capital (NT\$)		403,559,440
Dividend allotment for the year	Cash dividends per share (NT\$)	3.5 (Note 1)
	Number of shares allocated per share in transfer of earnings to capital	-
	Number of shares allocated per share in transfer of capital reserve to capital	-
Changes in business performance	Operating Income	Not applicable (Note 2)
	Operating income increased (decreased) over the same period last year	
	Net income after taxation	
	Year-over-year increase (decrease) in net income after tax last year	
	Earnings per Share	
	Increase (decrease) in earnings per share compared to the same period last year	
Average annual return on investment (inverse of the average annual cost-benefit ratio)		

Item		Year	2024
Proposed mandatory earnings per share and capital gain ratio	If all of the capital surplus is transferred to cash dividends	Pro forma earnings per share (NT\$)	Not applicable (Note 2)
		Propose average annual return on investment	
	If the capital reserve has not been transferred to capital	Pro forma earnings per share (NT\$)	
		Propose average annual return on investment	
If the capital surplus is not transferred to capital and the capital surplus is transferred to cash dividends	Pro forma earnings per share (NT\$)		
	Propose average annual return on investment		

Note 1. 2023 annual earnings distribution of cash dividends, approved by the Board of Directors on March 4, 2024.

Note 2. The Company has not disclosed its 2023 financial projections, so this paragraph does not apply.

(VIII) The remuneration of the employees and directors:

1. The number or percentage of the remuneration of employees and directors was written in the Company's Articles of Incorporation:

The Company's governance and operational management policy not only focus on achieving tangible operational results, but also pay close attention to the operational level, departmental work objectives, and individual performance. We fully integrate sustainability indicators and fulfill our mission of corporate social responsibility. In addition to striving for profitability, it is crucial for the entire company, from top to bottom, to actively and effectively take every step that is environmentally friendly, nature-centric, and socially beneficial. We aim to incorporate social responsibility into our business operations to achieve sustainable management. Following the Company's Articles of Incorporation, the Company shall contribute no less than 2% of the employees' remuneration and no more than 2% of the directors' remuneration to the Company to reward colleagues for their hard work and efforts. If there is any remaining balance after deducting accumulated losses based on the Company's profitability for the year. However, the Company shall have reserved a sufficient amount to offset its accumulated losses.

The abovementioned employees' compensation shall only be distributed in cash and undertaken by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting.

Employees of affiliated companies who meet specific qualifications may also be included in the distribution of remuneration.

2. **The principal for estimating the amount of the remuneration of the employees and directors is based on calculating the number of shares of employees' remuneration distributed by shares, and applying the accounting treatment when the actual amount of distribution differs from the estimated amount:**

- (1) Estimation basis: The amount of the recognized expenses for directors' and supervisors' remuneration and employee remuneration is estimated at the ratio of 2% and 2% of the remaining distributable earnings for the current year, and the actual distribution amount is calculated based on the cash dividend amount distributed on March 4, 2024, and then calculated at the ratio of 2% and 2% of the actual distribution earnings.

- (2) Disposition: If there is any difference, it will be adjusted in 2024.

3. **Information on the proposed distribution of employee compensation, etc. approved by the Board of Directors:**

- (1) Cash compensation for employees, stock compensation, and compensation for directors and supervisors. Suppose there is any discrepancy between the abovementioned amount and the estimated amount of recognized expenses for the current fiscal year. In that case, the amount, causes and treatment of such difference shall be disclosed:

The Company's proposed distribution of director remuneration, employee cash remuneration and employee stock distribution amount in the Board of Directors on March 4, 2024 is shown in the following table. The aforesaid will be handled in accordance with the relevant provisions after the resolution of the shareholders' meeting on June 13, 2024.

Unit: NT\$

Item	Proposed amount of the Board of Directors on March 4, 2024
Remunerations of the Directors and Supervisors	5,423,904
Employee Compensation - Cash	5,423,904

Note: Proposed distribution of employee remuneration and directors and supervisors remuneration labor amount and 2022 annual recognized expenses estimated amount of their differences, reasons and treatment:

- (1) Difference: There is no difference between the remuneration to directors and supervisors and the amount of compensation to employees proposed by the Board of Directors from the recognized expense.
- (2) Reason: Not applicable.
- (3) Handling situation: Not applicable.

(2) **Proposed allotment of employee stock distributions as a percentage of total net income after tax and total employee bonuses for the period:**

Not applicable (percentage of capital contribution = number of shares distributed to employees/ (number of shares distributed to employees + number of shareholders' stock dividends) *100%)

(3) **The Board of Directors proposed to distribute the amount of employee remuneration and remuneration of directors and supervisors and calculate the impact of earnings per share:**

(Earnings per share after calculation = Weighted average number of shares outstanding for the year (2023) of net income/earnings distribution after tax for the year (2023) to which the distribution of earnings belongs): 5.07

4. **The actual allotment of employees' remuneration, directors' and supervisors' remuneration in the previous year (including the number of shares allotted, the number of shares allotted and the share price), and the difference between the allotment and the recognition of employees' remuneration, directors' and supervisors' remuneration, should be stated as well as the number of differences, the reasons for the differences and the handling of the differences:**

The Company's proposed distribution of director remuneration, employee cash remuneration and employee stock distribution amount in the Board of Directors on March 8, 2023 is shown in the following table.

Unit: NT\$ 1,000

Item	Amount recognized in the financial report of 2022	Actual allotment situation
Director's Compensation - Cash	7,974	7,974
Employee Compensation - Cash	7,974	7,974

Notes:

- (1) Differences and causes: None.
 (2) (2) Handling situation: Not applicable.

(IX) Stock repurchase by the Company: Please refer to page 121 of this annual report for details.

II. Issuance of corporate bonds (including overseas corporate bonds): None.

III. Preferred Shares: None.

IV. Overseas Depository Certificate Processing Situation: None.

V. Employee's share warrant handling situation: None.

VI. Restriction on the handling of new shares of employees' rights: None.

VII. Mergers or transferee to other companies and issuance of new shares: None.

VIII. Execution of capital utilization plan

(I) The plan: None.

(II) Execution status: None

Chapter 5. Operational Highlights

I. Business Activities

(I) Operation Scope

1. Operation Items

- (1) CC01080 Electronic Parts and Components Manufacturing.
- (2) CC01110 Manufacturing of Computers and its Peripherals.
- (3) F113050 Wholesale of Computing and Business Machinery Equipment.
- (4) F113070 Wholesale of Telecommunications Equipment.
- (5) F119010 Wholesale of Electronic Materials.
- (6) F213030 Retail of Computer and Transactional Equipment.
- (7) F213060 Retail of Telecommunications Equipment.
- (8) F219010 Retail of Electronic Materials.
- (9) F401010 International Trade.
- (10) F401021 Import of Telecommunications Regulated Radio Frequency Equipment.
- (11) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current Main Products and Operating Segments

Unit: %

Item	Revenue proportion in 2023
Video Products	99.17%
Other	0.83%
Total	100.00%

3. The company's current (commodity) service items:

- (1) Image capture card: Up to 8K60/4K120 image capture, support for a variety of video signals
- (2) Image Converter: Supports 4K image format conversion
- (3) Like a streaming codec: Supports various network streaming protocols such as RTSP/RTMP, NDI, SDVoE, Dante AV-H, etc., providing low latency, high compression rate, and high compatibility image streaming
- (4) Image Analyzer: Supports a variety of artificial intelligence technologies, providing real-time analysis, insight, and optimized image analysis capabilities
- (5) Video Camera: Supports 4K UVC camera interface and provides high resolution, high dynamic range, autofocus and other functions

4. New products (services) to be developed

- (1) Developed and launched an 8K ultra-high-resolution video streaming box to meet the needs of the future audio and video market.
- (2) Developed and launched an external ultra-high-resolution video codec to provide a high-quality video conversion experience.

- (3) Research and launch of ultra-high-resolution video converters to provide users with higher-definition video transmission solutions.
- (4) Developing and promoting audio and video streaming boxes that support the next generation of broadcast television standards in response to changes in the broadcast television industry.
- (5) Develop a highly integrated and versatile video interface card.
- (6) Develop surveillance imaging interface cards for Internet of Things (IoT) applications to meet the needs of the smart surveillance market.
- (7) Research and launch competitive video converters with high integration and versatility.
- (8) Develop a more competitive multimedia digital audio and video player to meet the needs of the multimedia consumer market.
- (9) Develop more competitive professional audio and video solutions to meet the needs of home and industrial applications.
- (10) Strengthen the research and development and application of AI-related technologies to improve the intelligent level and market competitiveness of products.

(II) Industry Overview

1. Development status of the industry

In recent years, the outbreak of the coronavirus has limited people's ability to travel and gather, resulting in a substantial rise in the usage of audiovisual platforms and applications. Furthermore, the ongoing advancements in AI technology have introduced more innovation and prospects for the audiovisual industry. The Company will capitalize on these opportunities by integrating potential business prospects and products into our current operations.

This year, the Company will continue to prioritize the integration of AI applications into our video products as the main focus of our development. We will further incorporate AI into products such as ultra-high-resolution image capture cards, video converters, AV over IP streaming audio and video, and multimedia. This will allow us to provide customers with AI hardware and software integration system solutions, giving them a competitive edge in the market.

The Company will also participate in iconic exhibitions worldwide to stay updated on market and technology trends, enhance partnerships with AI technology companies and research institutions, and establish medium- to long-term product design and development strategies through direct engagement with customers. It will continuously adapt product market positioning and development strategies to capitalize on opportunities and sustain product competitiveness.

2. Upstream and downstream industry linkages

【Upstream】

The Company's upstream industries include analog and digital, as well as FPGA chip suppliers. We have important partnerships with well-known IC suppliers like MediaTek, Realtek, Nuvoton, Novatek, Xilinx, and ADI. Additionally, chip suppliers specializing in graphics processing units (GPUs) and artificial intelligence (AI) computing, such as NVIDIA and Intel, are crucial sources in our upstream chip supply chain.

【Downstream】

The Company has a wide range of downstream industries, including healthcare, defense, transportation, education, factory manufacturing, security, and surveillance, among others. Any industry that involves audiovisual capture, streaming, broadcasting, and artificial intelligence (AI) processing can be our customer. With the constant advancements and innovations in audiovisual and AI technologies, the Company will continue to expand its applications and development in various industries and fields.

Our R&D team is capable of vertically integrating different hardware modules and software components due to the integration of expertise and experience in various fields, including hardware, drivers, firmware, FPGA, and SDK. Utilizing hardware components from chip suppliers and combining them with the Company's highly skilled FPGA technology and R&D capabilities, breakthroughs are achieved in current technology limitations and design improvements. At the same time, immediate responses are made to market and customer needs, thereby maximizing business benefits. On the other hand, the Company also continues to invest a lot of resources in upgrading its production technology to achieve a market niche and differentiate itself from its competitors by offering the widest and most diverse range of products to meet market changes and customer needs through continuous product evolution.

3. Various development trends and competitive situation of products

【Development Trends】

The product line incorporates image capture and recording, AI machine learning, and image overlay.

The company will develop an integrated: (I) image capture and recording, (II) AI machine learning, and (III) Overlay image of AI image capture output card.

The term AI image overlay refers to the application of artificial intelligence technology to combine different image data, allowing for a more comprehensive analysis of information. The company is developing an AI image capture output card, which is a technology that captures an image, processes it using AI, and overlays it onto the original captured image. This technology has various applications, such as medical imaging, geographic information system data, and surveillance cameras, enabling more comprehensive real-time analysis and evaluation.

Leading the Future of Ultra-High-Resolution Extraction

In order to meet the market demand for high-speed image display, 2023 released the world's first 8K60/4K120 ultra-high magnification image capture card, 8K UHD image can be presented completely clear and sharp, especially suitable for sports live, e-sports games and other fields, so that users have the most fluent ultra-high-definition picture on the general display screen.

In response to market demand, we continue to launch a full line of products that support ultra-high resolution related interface cards and conversion boxes, including PCIe/miniPCIe/M.2/MIPI image capture cards, USB 2.0/3.0/3.2 image capture boxes, 2D/3D video conversion boxes and video streaming encoders, and launch the world's first 8K60/4K120 ultra-high magnification image capture card in 2023. Such a product line is especially suitable for sports live, e-sports games and other fields, so that users have the most fluid ultra-high-definition screen on the general display screen, but also in line with the 8K ultra-high resolution and AV over IP trend. Various audio-visual products across all interfaces use the same set of drivers and SDKs that are compatible with mainstream Windows, Linux, NVIDIA Jeston and macOS operating systems, and the cross-platform design provides a consistent video framework to improve product compatibility and ease of use.

Low latency and stable and reliable AV over IP product layout

AV over IP offers numerous advantages, including extensive scalability and flexibility, enabling cost-effective transmission of high-quality video and audio. Consequently, the market demand for AV over IP applications, such as security monitoring, smart homes, video conferencing, digital billboards, and educational technology, continues to rise. The AV over IP technology market has vast potential, and the Company will continue to offer comprehensive technical, integration, and solution services to meet the growing demand for AV over IP equipment and the opportunities for equipment upgrades.

With the popularity of 4K resolution, more and more application scenarios need to support high-resolution image streaming, AV over IP system can achieve high definition, low latency and stable and reliable video transmission, thereby improving work efficiency and comprehensive cost-effectiveness, in order to achieve high-quality 4K60 streaming, our AV over IP product line spans 100m to 25g, providing a variety of efficient encoding schemes, including H.264, H.265 and AV1. These coding schemes not only support up to 4K60 resolution and high-quality image effects, but also provide low latency and high stability of streaming transmission.

Different streaming protocols are used for different application scenarios, such as RTSP, RTMP, SRT, and TS. In order to facilitate customer use, our AV over IP product line

is constantly expanding the communication protocol, and at the end of 2022, we released a streaming codec transceiver that can support NDI®, NDI® | HX and SDVoE protocols at the same time, which supports a variety of different streaming formats to meet customer needs in different application scenarios.

Image Processing Platform with Artificial Intelligence

The artificial intelligence image processing platform enables more accurate image recognition, analysis, and application. For instance, in medical image processing, it can be utilized for automated analysis and diagnosis of medical images. In the industrial sector, it can be applied to visual inspection and quality control on production lines. In security surveillance, it can be employed for applications such as facial recognition and dynamic object detection in monitoring systems. In agriculture, it can be utilized for image analysis in farming. In transportation and logistics, image processing technology can be used for traffic monitoring, intelligent parking, and optimized delivery routes. In response to the development trend of high-resolution image processing platforms integrating artificial intelligence technology, YUAN High-Tech continues to integrate advanced artificial intelligence technology on image capture and embedded systems, relying on real-time, non-destructive, easy installation and other advantages, while continuously optimizing the AI inference module of edge computing to accelerate the speed and accuracy of image analysis, developing an intelligent image processing platform for industry applications, providing high-quality, delay-free intelligent image application solutions through efficient image processing. We are committed to meeting the overall system requirements from the front end to the back end.

(III) Technology and R&D Overview

1. Technology and R&D Overview

Founded in 1990 and headquartered in Taiwan, YUAN High-Tech (Upper Cabinet Stock Code: 5474) is mainly engaged in the design, development and manufacture of high-quality OEM/ODM image capture cards, video and video conversion boxes, multimedia streaming codecs and artificial intelligence embedded systems and software integration related businesses.

In recent years, the outbreak of the coronavirus has had a significant impact on various sectors worldwide. People's daily lifestyles, social patterns, and work methods have all changed. Additionally, geopolitical risks and trade barriers have also affected supply chains and global business to some extent. In response to these changes, the Company has identified potential new opportunities and challenges. In terms of research and development, we prioritize interdisciplinary collaboration and innovative product planning based on emerging technological trends. With our R&D team's expertise in hardware, drivers, firmware, Field Programmable Gate Array (FPGA), and Software

Development Kit (SDK), we are able to vertically integrate different hardware modules and software components. By leveraging hardware components from chip suppliers and combining them with our strong FPGA technology and R&D capabilities, we can overcome existing technical limitations and make design improvements. Furthermore, we promptly respond to market and customer demands to maximize business benefits. On the other hand, the Company also continues to invest a lot of resources in upgrading its production technology to achieve a market niche and differentiate itself from its competitors by offering the widest and most diverse range of products to meet market changes and customer needs through continuous product evolution.

The growing demand of the multimedia industry has made the development and launch of products such as audio and video streaming, high-definition recording and broadcasting attract continuous attention. At present, the 4K60 product line is quite complete, and the products provided include video signal capture cards (boxes), hardware compressed video capture cards, video converters, streaming video codecs and AI-related technologies required by various industries. In order to meet the needs of the market, the Company develops 8K ultra-high-resolution video signal capture products to provide users with the ultimate video experience; at the same time, the company is developing 8K ultra-high-resolution video codecs, ultra-high-resolution video converters and video streaming boxes that support the new generation of radio and television specifications to meet the arrival of the next generation of multimedia video. The Company is fully committed to the research and development of cutting-edge audio-visual and digital surveillance products and technology applications, expanding and cultivating our R&D workforce, and investing in a variety of related testing instruments and signal simulation equipment to ensure that all new products can pass and obtain relevant national testing certifications and safety regulations before they are launched.

The image capture industry has entered a highly integrated era. YUAN High-Tech has developed a video capture card that can provide low latency output. In addition to the original capture function, this card also includes the ability to overlay commentary on the captured images. This feature is essential for image applications, such as overlaying AI-generated images or textual information on surgical images, which greatly aids doctors. In addition, the extensive applications of artificial intelligence in image capture, such as safety monitoring, smart homes, smart cities, and factory automation, have been expanding. The Company has actively invested in the development of image AI-related technologies in recent years. Our goal is to leverage our customer base and experience in audiovisual software technology to support existing customers of video capture cards. For instance, we offer customers integrated image capture, artificial intelligence, and machine learning technologies, along with tools and resources for image processing, medical image analysis, visualization, and data management. By utilizing these image

capture functionalities, medical equipment manufacturers can easily develop more accurate, intelligent, and efficient medical imaging devices.

Overall, seamlessly engages artificial intelligence technology, but also the learning function into the embedded system single chip (SoC: System on a Chip) application, enhancing product value, the scope of imaging services, including, intelligent transportation, medical image recognition, face recognition, passenger flow analysis, behavioral analysis... and etc. Through in-depth B2B exchanges and cooperation with end customers of the industry, for the application to activate intelligence of the image data accumulated by customers with our solid technology. We have discussed with the customers in all segments ranging from development of AI algorithms, the setting up of image databases, the design of special identification software, and the setting up of inference models, in order to help our customers to achieve real AI technology landing. At present, our AI technology has landed cases all over Taiwan.

At the end of 2023, it also built Taiwan's top imaging AI technology development center at the headquarter of YUAN High-Tech, and actively participated in various intelligent construction projects of the government. In the future, the company will continue to focus on product innovation and technology development to provide better products and services to meet the changing needs of customers.

2. R&D expenses and successful technologies or products invested in the current year as of March 31, 2023

Unit: NT\$ 1,000

Item \ Year	2023	As of March 31, 2024
Total Expenses	172,226	46,826
Operating Revenue	1,180,609	312,223
R&D expenses Revenue proportion (%)	14.58	15.00
Technologies or products successfully developed during the year	<ul style="list-style-type: none"> ◆ 2x12G SDI HDMI20 TO 12G SDI HDMI20: 2-channel UHD 4K60 12G-SDI/HDMI20 3D conversion box ◆ 2xSDI HDMI to SDI HDMI: 2-channel HD SDI/HDMI 3D conversion box ◆ PD570 TVI: USB UVC interface TVI HD video capture card ◆ PD575 SDI: USB UVC interface SDI HD video capture card ◆ VPP6N0: 275 TOPS AI video and audio processing platform ◆ VPP6N0 NX-MB: 100 TOPS AI video and audio processing platform ◆ VPP6N0-S NX-MB: 100 TOPS small AI video and audio processing platform ◆ VPP6N0-S NX PSE: 100 TOPS AI and 4-channel PSE small AI video and audio processing platform ◆ M2 710 N1 12G SDI+HDMI20: 1-channel M.2 interface 12G-SDI/HDMI2.0 4K60 UHD video capture card ◆ M2 400 N1 SDI: 1-channel M.2 interface SDI HD video capture card ◆ DP to SDVoE V2: DP to SDVoE UHD encoder ◆ SDVoE TO DP V2: SDVoE to DP UHD decoder ◆ SDVoE TO HDMI20 plus: SDVoE to HDMI2.0 UHD decoder ◆ SC6E0 N1 IPUVC TO HDMI20: 1-channel IP/UVC to HDMI2.0 UHD decoder ◆ SC6F0 N1 HDMI2 Plus: 1-channel HDMI2.0 4K60 UHD encoder/decoder ◆ SC400 N1 MC SDI: 1-channel MiniPCIe interface SDI HD video capture card ◆ SC400 N4 MC TVI: 4-channel MiniPCIe interface TVI HD video capture card ◆ SC400 N1 MC AIO: 1-channel MiniPCIe interface HDMI/SDI/analog signal HD video capture card ◆ SC400 N1L HDMI: 1-channel HDMI HD video capture card ◆ SC400 N1L SDI: 1-channel SDI HD video capture card ◆ SC400 N1L SDI+HDMI: 1-channel SDI/HDMI HD video capture card ◆ SC410 N2 HDV: 2-channel DVI-I HD video capture card ◆ UB700G HDMI 21 HID: USB UVC interface HDMI21 8K60 HID UHD video capture card ◆ UB576G HDMI20 HID: USB UVC interface HDMI20 4K60 HID UHD video capture card ◆ UB575G HDMI20 HDR HID: USB UVC interface HDMI20 4K60 HDR HID UHD video capture card 	

	<ul style="list-style-type: none"> ◆UB575G HDMI21 HDR HID: USB UVC interface HDMI21 8K60 HDR HID UHD video capture card ◆UB575 AIO: USB UVC interface DVI-I/SDI HD video capture card ◆DANTE AV ULTRA HDMI20 CONVERTER: Dante AV Ultra/HDMI2.0 4K60 UHD audio and video conversion box
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(IV) Long, medium and short-term business development plans

1. Short-term development plans

- Continuously optimize and expand the existing video and audio product line, including image capture cards, image capture boxes and video conversion boxes.
- Track market dynamics and technology trends, and actively cooperate with chip suppliers to develop more high-quality and innovative audio-visual products.
- Optimize production processes, improve production efficiency, reduce costs, and improve product quality and competitiveness.
- Strengthen B2B cooperation with end customers in various industries to expand market share and brand awareness.

2. Medium-Term Development Plan

- Expand the global sales network, actively participate in international exhibitions and industry activities, and enhance the brand image.
- Strengthen the technical support team to provide customers with more comprehensive after-sales service and technical support.
- Deepen B2B cooperation with end customers in various industries to jointly develop customized professional audio and video solutions.
- Actively lay out emerging markets and open up more business opportunities.

3. Long term development plan

- Become a brand of ODM/OEM in the global professional audio-visual market, with excellent products, technologies and services.
- Continue to develop innovative technologies and expand product lines to meet the needs of different industries and markets.
- Establish a close relationship with global industry leaders to jointly promote the development of the professional audio-visual market.
- Develop a professional team, provide continuous education and training opportunities for employees, maintain corporate competitiveness and enhance overall strength.

II. Market, Production, and Sales Overview

(I) Market Analysis

1. Major sales regions

Unit: NT\$ 1,000

Region \ Year	2023		2022	
	Amount	%	Amount	%
Asia	319,056	27.02	1,014,356	73.89
America	627,252	53.13	113,918	8.30
Europe	93,968	7.96	81,200	5.92
Taiwan	138,396	11.72	160,937	11.72
Other	1,937	0.16	2,362	0.17
Total	1,180,609	100.00	1,372,773	100.00

2. Market Share

With the Company's years of accumulated cutting-edge research and development capabilities, we are constantly taking the lead in new product hardware and software development. Moreover, well-known brands and channel customers worldwide have long recognized our stringent requirements for product quality. In the future, we will continue to innovate our products and explore new market applications in response to market demand and technology development. The Company expect to gain a foothold in the audio-visual multimedia and digital surveillance industry.

3. Supply and Demand in the Market and Possible Future Growth

With the rapid development of science and technology and the popularity of the global network, the audio-visual market has shown unprecedented activity and diversification. In the coming years, the audio-visual market will face many new challenges and opportunities. The following is an analysis of the future supply and demand situation and growth of the audio-visual market:

- High-quality content demand: As consumer demand for high-quality audio and video content continues to increase, the future audio and video market will pay more attention to the production and dissemination of high-resolution content such as HD, 4K and 8K. In addition, technologies such as HDR, high frame rate and stereo will also play an important role in the audio-visual market.
- Live and streaming: In recent years, the rise of live and streaming platforms has fundamentally changed the way video content is consumed. In the future, live streaming and streaming media will continue to expand their market share and become an important competitive force in the audio-visual market.
- 5G networks and edge computing: With the popularity of 5G networks and the development of edge computing technology, the audio-visual market will usher in faster data transmission and lower latency, providing a better basis for the dissemination of high-quality audio-visual content.

- Virtual Reality and Augmented Reality: Virtual Reality (VR) and Augmented Reality (AR) technologies will bring new experiences to the audio-visual market, making audio-visual content more immersive and interactive. In the future, VR and AR will play an increasingly important role in entertainment, education, medical and other fields.
- Artificial intelligence and big data: Artificial intelligence (AI) and big data technologies will play an important role in the audio-visual market, such as content recommendation, speech recognition and image analysis. Through AI and big data technology, the audio-visual market will be able to analyze consumer needs more accurately and provide more personalized content.

4. **Competitive Niches**

- Mastering key technologies to meet audio and video multimedia applications
The Company can strengthen hardware and software integration with other related software applications through in-depth cooperation with suppliers and our intellectual property and long-term research and development experience. Furthermore, through the Company's experienced hardware and software development team, we can work on various product projects in parallel and cooperate to effectively improve the efficiency of product hardware and software development and help our customers' products be launched in the market in the first place.
The Company provides complete integration and testing on different operating systems and various hardware platforms for OEM/ODM customers' products, providing faster and more comprehensive professional services!
- Close cooperation with upstream suppliers to master advanced technologies
The Company has maintained close and long-term technical cooperation and frequent interaction with many well-known domestic and foreign professional video and digital compression wafer manufacturers. As a result, we can often obtain the latest product and advanced technology information and progress earlier than other competitors. In addition, our R&D team has over 20 years of experience in the development of streaming and multimedia products, which helps us accelerate the application of our new chip technology in the design of new products and launch new products that meet the trend to help our customers seize market opportunities.
- To maximize the benefits of cooperation by working in symbiosis with our customers
Through professional cooperation and division of labor with the members of each project team, the Company's marketing department has established close cooperation and excellent understanding with influential brands and channel

customers and provides the most rapid and perfect support and service. Each task force is convened by the supervisor of each business and R&D department and can respond to market changes. As a result, customer needs immediately and quickly, effectively assisting customers in strengthening their product performance and market competitiveness, increasing customer trust and satisfaction with the Company, and becoming a long-term strategic partner!

- High specification product verification to ensure the highest quality and customer satisfaction

The Company is fully committed to the research and development of cutting-edge audio-visual and digital surveillance products and technology applications, expanding and cultivating our R&D workforce, and investing in a variety of related testing instruments and signal simulation equipment to ensure that all new products can pass and obtain relevant national testing certifications and safety regulations before they are launched.

5. Favorable and unfavorable factors of development prospect and countermeasures

■ Favorable factors for the development of the vision

- Continuous technological innovation: With the advancement of science and technology, audio-visual multimedia technology will continue to upgrade, bringing more development opportunities to the company.
- Growing market demand: Developments in emerging markets such as smart homes, IoT, and virtual reality will lead to increased demand for audio-visual multimedia products and solutions.
- Excellent industry reputation: Long-term R&D experience and success stories will help the company win more customers and partners.

■ Disadvantages of Prospects for Development

- Fierce market competition: The audio-visual multimedia market is fiercely competitive, and new entrants and existing competitors may bring pressure on the business to seize and market share decline.
- Rapid product updates: Technology updates accelerate, and companies need to invest in research and development to ensure product and technology leadership.
- Changes in Regulatory Policies: Changes in government regulations and policies may affect the company's business development.

■ Response

- Strengthen innovation capabilities: The company should continue to increase R&D investment and actively explore new technologies and new application areas to maintain a competitive advantage in audio-visual multimedia products and technologies.

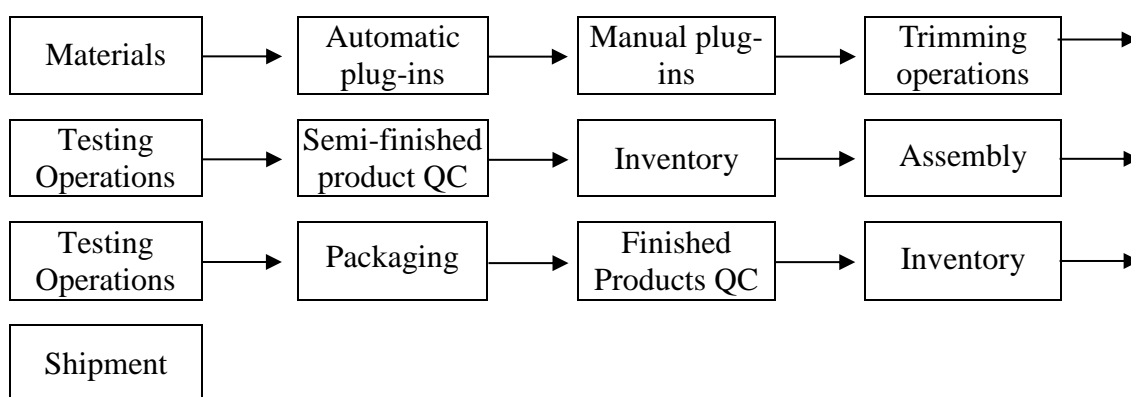
- Expand market areas: Actively explore emerging markets, seek diversified business development, and reduce dependence on specific markets or customers.
- Optimize the product structure: adjust the product structure according to the changes in market demand and competitive environment, and improve the added value and profit level of the product.
- Strengthen partnerships: Strengthen cooperation with upstream and downstream suppliers and customers, share resources, and jointly respond to market changes and competitive challenges.
- Pay attention to regulatory policy dynamics: pay close attention to changes in policies and regulations, and timely adjust business strategies and business layouts to adapt to the changing environment.

(II) Usage and Manufacturing Processes for Main Products

1. Key Applications of Main Products

Name of main product or service	Usage
4K AV Capture Card	Instantly capture 4K video and audio content transferred via SDVoE, HDMI 2.0, 12G-SDI, etc., and store, edit and stream it
Thunderbolt 3.0 AV Capture Box	Suitable for video and audio multimedia, capture 4K video and audio via Thunderbolt 3.0 real-time 12G-SDI, HDMI 2.0, etc.
Embedded AV codec	Capturing, storing, and streaming audio and video independently without an external computer, and suitable for web conferencing and video communication
Multi-Format Video Converters	Convert SD/HD video to another video format for professional clients such as broadcast producers
USB3.0 AV capture box	For video and audio multimedia applications, capture HD video and audio content via SDI, HDMI and other interfaces via USB3.0 for storage, editing and playback in real-time
Video Streaming Box	A device that is used to compress a series of media data and then transmit the data in segments over the network to transmit audio and video over the web in real-time for viewing
SDI to HDMI converter box	Converts SDI signals to HDMI signals for use in surveillance or professional broadcasting
HDMI to SDI converter box	Converts HDMI signals to SDI signals for use in surveillance or professional broadcasting

2. Manufacturing Process



(III) Supply of main raw materials

1. The primary raw materials for the Company's products are chips, memory and other electronic components, which domestic and foreign manufacturers supply with stable quality.
2. The Company maintain good cooperative relationships with domestic and foreign suppliers and pay attention to our suppliers' financial and operational status at all times to achieve a stable supply of goods.

(IV) List of customers who have accounted for more than 10% of the total sales and purchases in any of the last two years

1. Information of major suppliers in the 2 past years

Unit: NTD thousand; %

Item	2022				2023				2024 up to the first quarter (Note 2)			
	Name	Amount	% of annual net purchase	Relation with issuer	Name	Amount	% of annual net purchase	Relation with issuer	Name	Amount	Percentage of net purchase for the year ended the previous quarter (%)	Relation with issuer
1	A	163,881	26.83	N/A	A	156,755	27.66	N/A	A	27,636	16.60	N/A
2	-	-	-	N/A	-	-	-	-	B	27,518	16.53	N/A
	Other	446,893	73.17	N/A	Other	410,005	72.34	N/A	Other	111,291	66.87	N/A
	Net purchase	610,774	100.00		Net purchase	566,760	100.00		Net purchase	166,445	100.00	

Note 1. Where procurement acquired from a supplier exceed 10% of total procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

Note 2. As of the date of publication of the annual report, companies that have been listed or whose stocks have been traded in the securities firm's business premises should be disclosed if they have the latest financial information reviewed or audited by the Certified Public Accountant / CPA.

Increase or decrease: As a result of decreased revenue in 2023, we effectively managed our inventory, leading to a reduction in the quantity of purchases.

2. Information of major customers in the 2 past years

Unit: NTD thousand; %

Item	2022				2023				2024 up to the first quarter (Note 2)			
	Name	Amount	Percentage of net sales for the year [%]	Relation with issuer	Name	Amount	Percentage of net sales for the year [%]	Relation with issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter (%)	Relation with issuer
1	A	548,081	39.93	N/A	A	548,847	46.48	N/A	A	178,638	57.21	N/A
2	B	133,081	9.69	N/A	B	107,984	9.14	N/A	B	10,927	3.50	N/A
	Other	691,611	50.38	N/A	Other	523,778	44.38	N/A	Other	122,658	39.29	N/A
	Net Sales	1,372,773	100.00		Net Sales	1,180,609	100.00		Net Sales	312,223	100.00	

Note 1. The names of customers with more than 10% of total sales and the amounts and percentages of sales for the last two years are listed, except if the names of customers are not disclosed in the contract or if the customers are individuals and not related parties, they may be listed under the code.

Note 2. As of the date of publication of the annual report, companies that have been listed or whose stocks have been traded in the securities firm's business premises should be disclosed if they have the latest financial information reviewed or audited by the Certified Public Accountant / CPA.

Increase or decrease: Changes in product portfolio.

(V) Value of production volume in the last two years

Unit: pcs; NT\$ 1,000

Production amount	2022			2023		
	Production Capacity	Production Volume	Production value	Production Capacity	Production Volume	Production value
Computer multimedia peripheral video converters and interface cards, etc.	-	1,469,526	706,553	-	531,568	603,821
Other PC-related products	-	401,854	7,972	-	265,065	1,246
Total	-	1,871,380	714,505	-	796,633	605,067

Note 1. The Company's products are outsourced, so we have no production capacity.

Note 2. Production capacity refers to the amount of production that the Company can produce under regular operation using existing production facilities after considering necessary shutdowns, holidays and other factors.

Note 3. If the production of each product is substitutable, the production capacity may be combined and explained in the notes.

(VI) Sales volume for the last two years

Unit: pcs; NT\$ 1,000

Sales Volume Value Main Products	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer multimedia peripheral video converters and interface cards, etc.	61,818	153,807	1,407,708	1,207,627	54,458	136,474	477,110	1,042,194
Other PC-related products	362,669	7,130	39,185	4,209	264,449	1,922	616	19
Total	424,487	160,937	1,446,893	1,211,836	318,907	138,396	477,726	1,042,213

(VII) The Company's Key Performance Indicator (KPI):

(1) The average turnover of the last two years for personnel costs

Unit: NT\$ 1,000

	2023	2022
Revenue	1,180,609	1,372,773
Personnel costs	206,922	197,291
Personnel costs/turnover	17.52%	14.37%

(2) Average turnover per employee for the last two years (excluding the number of

directors)

	Unit: NT\$ 1,000	
	2023	2022
Revenue	1,180,609	1,372,773
Number of Employees	145	145
Turnover / Number of Employees	8,142	9,467

III. Information on the number of workers in the industry in the last two years

Unit: Person

Year		2022	2023	As of March 31, 2024 (Note)
Number of Employees	Management Staff	51	50	52
	R&D personnel	94	91	93
	Total	145	141	145
Average age		38.5	39	39
Average length of service (year)		7.6	8.8	8.8
Number of Academic Degrees	Doctorate/PhD	0	0	0
	Master/MPhil	50	50	53
	University	88	84	85
	High school	7	7	7
	Below high school	0	0	0

Note: The above information does not include the number of directors.

IV. Disbursements for Environmental Protection

- (I) The manufacturing process of the Company's products is outsourced. The processing plants that we cooperate with are all in compliance with the EU Environmental Directive RoHS. In addition, all of them comply with the lead-free manufacturing process.
- (II) Total losses (including compensation) and penalties for environmental pollution in the latest year and up to printing date: None.
- (III) Future countermeasures (including improvement measures): In order to ensure the smooth and legal production process, the Company will continue to find processing plants in line with the EU environmental protection directive to avoid process disruption.
- (IV) Possible expenses:
The Company strictly complies with all environmental protection laws and regulations, and our processing plants also comply with all environmental protection laws and regulations. The Company's significant customers (Europe, the United States, and Japan) emphasize environmental protection issues motivates us to abide by the laws and regulations.

V. Labor Relations

- (I) Labor-management agreements and implementation
- Employee benefit measures and their implementation:
In 1998, the Company was approved by the Taipei Municipal Government Social

Bureau to formally establish the "Employee Welfare Committee". Through the company's contribution of employee benefits, the Company has implemented a number of welfare measures, such as employee travel, dining, end-of-year parties, and also provided enterprise medical care on-site services and signed a contract with a legally filed childcare service organization to accept employees' children. The Company has achieved remarkable results in promoting close and harmonious labor relations.

2. Further education and training:

To enhance employees' professional ability and knowledge to improve productivity, the Company allows employees to receive professional and appropriate training according to their duties and functions. In addition, if there are courses required by law for further education, such as continuing education for accounting supervisors and auditors, the company cooperates with the regulations. Furthermore, it uploads them to the competent authorities for the record. (Please refer to pages 74 to 76 of this annual report for further details)

3. Retirement System Implementation Circumstance:

(1) Under the Labor Standards Act, a monthly retirement reserve of 2% of payroll is deposited in the Department of Trusts, Bank of Taiwan.

(2) Since 1998, employees of the Company have been retired under the permitted retirement scheme.

(3) The Labor Pension Act became effective on July 1, 2005, based on a defined contribution plan. After implementation, employees may choose to be subject to the pension provisions of the Labor Standards Act or to the pension system under the Act and retain the years of service prior to the application of the Act. For employees subject to the Act, the Company's monthly contribution rate to the employee's pension shall not be less than 6% of the employee's monthly salary.

4. Other significant agreements: None.

(II) Losses suffered from labor disputes in the most recent year and up to the printing date of the annual report, and disclose the estimated amount of current and potential future losses and measures to address them, and if it is not possible to make a reasonable estimate, state the fact that it is not possible to make a good estimate:

The Company's labor relations are harmonious. The management system is based on the Labor Standards Acts; therefore, the Company has not suffered any loss due to labor disputes so far, and there should not be any such cases in the future.

VI. Important contract: None.

Chapter 6. Financial Information

I. Condensed Balance Sheet and Consolidated Income Statement

(I) Latest Annual Condensed Balance Sheet and Consolidated Income Statement - Under International Financial Reporting Standards

1. Abbreviated Balance Sheets

Unit: NT\$ 1,000

Item		Year	Financial information for the current year as of March 31, 2024 (Note 1)	2023	2022	2021	2020	2019
		Current Assets		1, 119, 401	1,064,393	935,940	874,271	1,150,371
Investment Property		1, 100, 818	1,100,855	1,101,006	22,309	22,442	22,089	
Intangible Assets		4, 809	4,266	4,108	3,083	5,452	5,809	
Other Assets		57, 795	62,597	73,593	1,143,013	1,150,965	51,534	
Total Assets		2, 282, 823	2,232,111	2,114,647	2,042,676	2,329,230	1,474,863	
Current liabilities	Before distribution	508, 501	377,707	302,402	351,775	761,314	332,685	
	After distribution	647, 650	516,856	453,478	550,560	1,026,361	484,469	
Non-current Liabilities		53,257	48,811	52,260	49,743	47,180	47,431	
Total Liabilities	Before distribution	561, 758	426,518	354,662	401,518	808,494	380,116	
	After distribution	700, 907	565,667	505,738	600,303	1,139,802	531,900	
Equities Attributable to Owners of Parent Company		1, 721, 065	1,805,593	1,759,985	1,641,158	1,520,736	1,094,747	
Share Capital		403, 559	403,559	403,559	403,559	337,298	337,298	
Capital surplus		793	793	793	793	793	793	
Retained Earnings	Before distribution	1, 355, 009	1,439,537	1,393,929	1,275,102	1,220,941	756,656	
	After distribution	1, 215, 860	1,300,388	1,242,853	1,076,317	889,633	604,872	
Other Equity		0	0	0	0	0	0	
Treasury stock		(38, 296)	(38,296)	(38,296)	(38,296)	(38,296)	0	
Non-controlling Interests		0	0	0	0	0	0	
Total Equity	Before distribution	1, 721, 065	1,805,593	1,759,985	1,641,158	1,520,736	1,094,747	
	After distribution	1, 581, 916	1,666,444	1,608,909	1,442,373	1,189,428	942,963	

Note 1. Our Certified Public Accountant / CPA has reviewed and cleared the above financial information.

2. Abbreviated Consolidated Income Statement

Unit: NT\$ 1,000

Item \ Year	Financial information for the current year as of March 31, 2024 (Note 1)	2023	2022	2021	2020	2019
Operating Revenue	312,223	1,180,609	1,372,773	1,792,439	2,705,342	1,294,164
Gross profit	140,736	575,542	658,268	797,835	1,108,896	585,918
Operating profit (loss)	52,204	239,403	340,530	484,392	789,031	327,829
Non-operating revenue and expenses	16,073	20,944	42,225	(14)	(14,326)	4,715
Income before Tax	68,277	260,347	382,755	484,378	774,705	332,544
Net income from continuing operations	54,622	201,538	314,304	384,084	615,420	260,307
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	54,622	201,538	314,304	384,084	615,420	260,307
Other comprehensive income (loss) for the period (Net value after tax)	0	(4,854)	3,308	1,384	649	267
Total Comprehensive Income of Current Period	54,622	196,684	317,612	385,468	616,069	260,574
Net income attributable to shareholders of the parent company	54,622	196,684	317,612	385,468	616,069	260,574
Net Income Attributable to Non-controlling Interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	54,622	196,684	317,612	385,468	616,069	260,574
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0	0
Earnings per Share	1.37	5.07	7.91	9.66	15.41	7.72

Note 1. Our Certified Public Accountant / CPA has reviewed and cleared the above financial information.

3. Names of auditing CPAs of the most recent five years and their audit opinions

Year	Name of the accounting firm	CPA	Opinions
2019	PricewaterhouseCoopers Taiwan	Feng, Min-Juan and Xu, Sheng-Zhong	Standard unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Feng, Min-Juan and Xu, Sheng-Zhong	Standard unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Feng, Min-Juan and Xu, Yong-Jian	Standard unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Feng, Min-Juan and Xu, Yong-Jian	Standard unqualified opinion
2023	PricewaterhouseCoopers Taiwan	Feng, Min-Juan and Xu, Yong-Jian	Standard unqualified opinion

II. Financial Analyses for the Past Five Fiscal Years

(I) By International Financial Reporting Standards

Analysis Item		Year	Current year as of March 31, 2024	2023	2022	2021	2020	2019	
		Financial structure (%)	Ratio of liabilities to assets		24.61	19.11	16.77	19.66	34.71
Ratio of long-term capital to property, plant, and equipment			26,116.31	23,826.77	15,641.53	150.21	139.09	13,429.18	
Solvency %	Current Ratio		220.14	281.80	309.50	248.53	151.10	419.45	
	Quick Ratio		134.41	173.35	188.05	135.56	106.34	367.46	
	Times interest earned ratio		727.35	716.24	1,027.15	779.74	1,176.58	417.2	
Operating ability	Turnover of Accounts Receivable (times)		92.75	170.62	56.80	63.13	270.28	60.32	
	Average days for cash receipts		3.93	2.13	6.42	5.78	1.35	6.05	
	Inventory turnover rate (times) (Note 1)		1.53	1.46	1.76	2.52	5.71	3.95	
	Payables Turnover Ratio (Times)		3.89	4.79	6.68	3.67	5.70	5.66	
	Average days for sale of goods		238.56	250.00	207.38	144.97	63.95	92.40	
	Property, Plant, and Equipment Turnover (times)		176.30	125.40	2.49	3.26	4.91	171.83	
	Total Assets Turnover Ratio (Times)		0.55	0.54	0.66	1.02	1.42	0.94	
Profitability	Return on assets (%)		9.68	9.29	15.13	17.59	32.38	19.04	
	Return on equity (%)		12.39	11.30	18.48	24.29	47.06	25.31	
	Percentage of paid-in capital (%)	Operating Income		51.74	59.32	84.38	120.03	233.93	97.19
		Pre-tax net profit		67.67	64.51	94.84	120.03	229.68	98.59
	Net profit margin (%)		17.49	17.07	22.90	21.43	22.75	20.11	
	Earnings per share (NT\$)		1.37	5.07	7.91	9.66	18.49	7.72	
Cash flows	Cash flow ratio (%)		0.24	61.65	130.85	26.02	111.53	106.81	
	Cash flow adequacy ratio (%)		68.96	85.29	86.44	88.86	97.19	160.57	
	Cash re-investment ratio (%)		-20.53	10.94	28.03	-10.46	45.84	20.65	
Financial Leverage	Degree of Operating Leverage (DOL)		3.91	3.27	2.91	2.87	2.80	2.97	
	Degree of financial leverage (DFL)		1.00	1.00	1.00	1.00	1.00	1.00	

Note 1. The turnover of accounts receivable for the Company in 2023 was 170.62, compared to 56.80 in 2022, representing a significant increase of 200.38%. The primary reason for this increase was the extension of payment terms for accounts receivable from sales made at the end of 2023 into the following year. However, all of these accounts receivable were fully collected at the beginning of 2024. This improvement in accounts receivable management has led to an increase in the turnover of accounts receivable.

- Note 1. The following formula should be shown at the end of this table for the annual report:
1. Financial structure
 - (1) The ratio of liabilities to assets = total liabilities/total assets.
 - (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities)/net property, plant and equipment.
 2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick Ratio = (Current Assets - Inventory - Prepaid Expense)/Current Liabilities.
 - (3) Interest coverage multiple = net income before income tax and interest expense/interest expense for the current period.
 3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover ratio = net sales/balance of average receivables (including accounts receivable and notes receivable arising from operations) for each period.
 - (2) Average cash out days = 365/turnover of accounts receivable.
 - (3) Inventory turnover = cost of goods sold/average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from operations) turnover = cost of goods sold/balance of average payables (including accounts payable and notes payable arising from operations) for each period.
 - (5) Average sales days = 365/inventory turnover.
 - (6) Property, plant and equipment turnover = net sales/average property, plant and equipment turnover.
 - (7) Total Asset Turnover = Net Sales/Average Total Assets.
 4. Profitability
 - (1) Return on assets = {profit and loss after tax + interest expense x (1- tax rate)}/ Average total assets.
 - (2) Equity Return = Profit or Loss after Tax/Average Total Equity.
 - (3) Net profit margin = profit or loss after tax/net sales.
 - (4) Earnings per share = (profit or loss attributable to owners of the parent company - special share dividend)/weighted average number of issued shares. (Note 4)
 5. Cash flows
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow allowance ratio = net cash flow from operating activities for the most recent five years/for the most recent five years (capital expenditures + increase in inventories + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
 6. Leverage:
 - (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses)/Operating Income (Note 6).
 - (2) Financial Leverage = Operating Income/(Operating Income - Interest Expense).
- Note 2. In the above formula for calculating earnings per share, special attention should be paid to the following matters when measuring:
1. The calculation shall be based on the weighted average number of shares of common stock instead of the number of issued shares at the end of the year.
 2. Where there is cash replenishment or treasury stock transaction, the circulation period should be considered when calculating the weight average number of shares.
 3. In the case of capital increase by surplus or by capital reserve, the annual and semi-annual earnings per share of previous years shall be retrospectively adjusted in accordance with the proportion of capital increase without considering the issuance period of such capital increase.
 4. If the preferred share cannot be converted into cumulative preferred shares, then the dividend of the year (whether it has been issued or not) shall be deducted from net income after tax (NIAT), or included as a net loss after tax. If the special shares are of a non-cumulative nature and have net profit after tax, the special dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment shall be made.
- Note 3. Cash flow analysis should pay particular attention to the following when measuring:
1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditure is the annual cash outflow of capital investment.
 3. The increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
 4. Cash dividends include the cash dividends of common stocks and preferred stocks.

5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.
- Note 4. Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature and where estimates or subjective judgments are involved, note the reasonableness and maintain consistency.
- Note 5. The ratio of paid-in capital of foreign companies is calculated as a percentage of net worth.

III. Audit Committee Review Report of the Latest Annual Financial Report

YUAN High-Tech Development Co., Ltd.

Audit Committee Review Report

The Board of Directors submits the 2023 annual business report, financial statements and profit distribution proposal of the Company, of which Feng, Min-Juan and Xu, Yong-Jian, joint accounting firm of the financial statements industry, have completed the audit and issued the audit report. The above-mentioned business report, financial statements and profit distribution proposal have been reviewed and completed by the Audit Committee, and it is considered that there is no discrepancy, and it is hereby reported in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act.

Sincerely,

2024 Annual General Meeting of Shareholders of YUAN High-Tech Development Co., Ltd.

Convenor of the Audit Committee

Guo, Dong-Long 郭東龍

March 4, 2024

IV. Financial Statements of the Most Recent Year

CPA's Audit Report

(113) Cai-Shen-Bao-Zi No. 23004811

To YUAN High-Tech Development Co., Ltd.,

Opinions

The Balance Sheet as of December 31, 2023 and 2022, the Comprehensive Income Statement, the Statement of Changes in Equity and Cash Flow Statement for the period from January 1 to December 31, 2023 and 2022, as well as the Notes to the Financial Statements (including a summary of material accounting policies) of YUAN High-Tech Development Co., Ltd. (hereinafter referred to as YUAN Company), have been reviewed by us.

According to our review results, we have determined that the foregoing financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards endorsed by the Financial Supervisory Commission (FSC), International Accounting Standard, IFR IC Interpretations, and SIC Interpretations, with a fair presentation of the financial position as of December 31, 2023 and 2022, the financial performance and the cash flows for the period from January 1 to December 31, 2023 and 2022 of YUAN High Tech Development Co., Ltd.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. Personnel of our affiliated firm subject to independence standards has maintained their independence from YUAN Company in accordance with the R.O.C. Statement of Ethics, and performed other obligations hereof. We believe that we have obtained sufficient and appropriate evidence as the basis for the audit opinion.

Key Audit Matters

Key audit matters refer to the most important matters to the audit of 2023 financial statements of YUAN Company in the professional judgement according to our professional judgment. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of 2023 financial statements of YUAN Company are as follows:

Closing of Operating Revenue

Explanations

For the accounting policy of recognition of revenue, please refer to Note IV (XXIV), for accounting items of operating revenue and its explanations, please refer to Note VI (XV), and the amount of 2023 operating revenue is NT\$1,180,609.

The sales mode of YUAN Company is that the operating revenue is recognized upon warehouse shipments of processing plant, and the revenue is recognized upon shipment by the processing plant (control of inventory is transferred to client). The Company mainly relies on the statements or other information provided by the warehouse custodian of the processing plant as the basis for the recognition of revenue based on the inventory changes in the warehouse of the processing plant, and the point of sales recognition varies according to the conditions of the customer agreement. These recognized revenue processes typically involve many manual operations and may result in inappropriate revenue recognition or inconsistencies between the inventory custody entity and the number of books on file. Because the daily sales volume of YUAN Company is large and the impact of the transaction amount on the financial statements before and after the end of the financial statements is material, we have listed the closing of sales revenue as one of the most important matters to be audited.

Major Audit Procedures

The following is a summary of the corresponding procedures that have been implemented by the CPA for the specific aspects described in the key audit matters:

Understand the business model of YUAN Company and evaluate the rationality of its cycle system of operating revenue.

Run a closing test for the transactions of operating revenue for a certain period before and after the closing date, including supporting documents for verification of warehouse shipments at processing plants, and records of inventory movements recorded in the appropriate period.

Perform field observation on inventory quantities and check with the inventory quantities recorded in the accounts. In addition, track the reasons for the discrepancies between the inventory observation and the quantities recorded in accounts, and test the reconciling items prepared by YUAN Company to confirm that material differences are recorded in the accounts.

Assessment on Valuation Loss of Allowance Inventories

Explanations

For the accounting policy of inventory valuation, please refer to Note IV (X) of the Financial Report for details; For the accounting estimates and assumption uncertainty of inventory valuation, please refer to Note V (II) of the Financial Report for details; For the description of inventory accounting items, please refer to Note VI (IV) of the Financial Report for details. The balance of loss on inventory valuation and allowance inventories as of December 31, 2023 is NT\$ 434,918 and NT\$ 43,989, respectively.

YUAN Company mainly manufactures and sells computer multimedia peripheral video converters, interface cards and other related products, which are subject to rapid changes in technology and market price volatility, resulting in a higher risk of inventory price loss or obsolescence. The normal sales of inventory is measured by the cost and net realizable value, whichever is lower; for the inventory that is individually identified as obsolete and

damaged, the net realizable value is included in the loss. The above mentioned valuation loss of allowance inventories mainly comes from the inventory measured by the cost and net realizable value, whichever is lower, and inventory items individually identified as obsolete or damaged. Due to the large amount of inventories and the large number of items, and the net realizable value of individually identified obsolete or damaged inventory items often involves management judgment based on actual conditions, and it is also an area that needs to be judged in the audit, the CPA's assessment of the inventory valuation loss of the Company is listed as one of the most important matters to be audited.

Major Audit Procedures

The following is a summary of the corresponding procedures that have been implemented by the CPA for the specific aspects described in the key audit matters:

1. Obtain the provisioning policy of loss allowance for falling price of inventories of YUAN Company, unanimously adopt this policy during the period of comparison of financial statement, and evaluate the reasonableness of its provisioning policy.

Obtain a detailed list of the net realizable value of cost of inventories and the amount of slow moving losses, review the relevant supporting documents, recalculate their accuracy, and evaluate the basis and reasonableness of the management's estimate of the net realizable value.

Check the relevant information obtained during the process of inventory counting, and ask the management and personnel related to inventory about details of inventory slow moving, surplus, older inventory, obsolete or damaged items that are omitted from the inventory.

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

To ensure that the Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standard, International

Accounting Standard, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Financial Statements.

In preparing the financial statements, the management's responsibilities also include assessing the Company's ability as a going concern, disclosing relevant matters, and adopting the accounting basis for a going concern, unless the management intends to liquidate the Company or cease to operate, or there is no practical alternative other than liquidation or closure.

The governing body (including audit committee) of YUAN Company is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high degree of assurance, but there is no assurance that the audit performed in accordance with the Auditing Standards of the Republic of China will detect any material misrepresentations in the financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or transgression of internal control, the risk of failure to detect the material misrepresentation due to fraud is higher than that of due to error.

2. Obtain the necessary understanding of the internal control related to the audit to design the appropriate audit procedures under the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal control of YUAN Company.
3. Evaluate the appropriateness of accounting policies adopted by management as well as the reasonableness of accounting estimate and related disclosures.

Draw conclusions as to the appropriateness of the adopting basis for a going concern adopted by the management, and whether there is any material uncertainty on events or circumstances that may raise material concerns about the ability for a going concern of YUAN Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusion on the basis of the audit evidence obtained as of the audit report date. However, future events or circumstances may cause YUAN Company to cease to have the ability for a going concern.

Evaluate the overall expression, structure and contents of the Financial Statements (including relevant Notes), and whether the Financial Statements fairly present relevant transactions and items.

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 of the Republic of China, 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.

We decide on the key audit matters of 2023 financial statements of YUAN Company from the matters communicated with the governance body. We specify these matters in the audit report, unless certain matters that are allowed for public disclosure by law, or in rare cases, we decide not to communicate certain matters in the audit report, because the negative impact of this communication can reasonably be expected to exceed the public interest improved.

PwC Taiwan

Feng, Min-Chuan

CPA

Hsu, Yung-Chien

Securities and Futures Bureau, Financial Supervisory
Commission, R.O.C.

Approval Document No.: Jin-Guan-Zheng-Liu-Zi
No.0960038033

Securities and Exchange Commission of the
Ministry of Finance

Approval Document No.: (84) Taiwan-Finance-
Securities-(VI)-13377

March 4, 2024

Yuan High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 518,406	23	\$ 456,030	21
1150	Net notes receivable	VI(II)	-	-	3,552	-
1170	Net accounts receivable	VI(II)(III)	9,175	-	84	-
130X	Inventories	VI(IV)	390,929	18	353,293	17
1470	Other current assets	VI(III)	145,883	7	122,981	6
11XX	Total current assets		<u>1,064,393</u>	<u>48</u>	<u>935,940</u>	<u>44</u>
Non-current assets						
1600	Property, plant and equipment	VI(V)	7,578	-	11,252	1
1755	Right-of-use assets	VI(VI)	16,238	1	19,352	1
1760	Net amount of investment properties	VI(VIII)	1,100,855	49	1,101,006	52
1780	Intangible assets		4,266	-	4,108	-
1840	Deferred income tax assets	VI(XXI)	22,590	1	25,179	1
1900	Other non-current assets	VI(X)	16,191	1	17,810	1
15XX	Total non-current assets		<u>1,167,718</u>	<u>52</u>	<u>1,178,707</u>	<u>56</u>
1XXX	Total assets		<u>\$ 2,232,111</u>	<u>100</u>	<u>\$ 2,114,647</u>	<u>100</u>

(Continued on the next page)

Yuan High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Liabilities						
Current liabilities						
2130	Contract liabilities - current	VI(XV)	\$ 20,506	1	\$ 28,498	1
2150	Notes payable		65,195	3	29,665	1
2170	Accounts payable		101,319	5	56,197	3
2200	Other payables	VI(IX)	94,297	4	97,404	5
2230	Current tax liabilities		61,673	3	50,943	2
2250	Liability provision - current	VI(XI)	21,728	1	23,424	1
2280	Lease liabilities - current		10,806	-	14,572	1
2300	Other current liabilities		2,183	-	1,699	-
21XX	Total current liabilities		<u>377,707</u>	<u>17</u>	<u>302,402</u>	<u>14</u>
Non-current liabilities						
2550	Liability provision - non-current	VI(XI)	40,356	2	43,799	2
2570	Deferred income tax liabilities	VI(XXI)	538	-	1,186	-
2580	Lease liabilities - non-current		5,508	-	4,889	1
2600	Other non-current liabilities		2,409	-	2,386	-
25XX	Total non-current liabilities		<u>48,811</u>	<u>2</u>	<u>52,260</u>	<u>3</u>
2XXX	Total liabilities		<u>426,518</u>	<u>19</u>	<u>354,662</u>	<u>17</u>
Equity						
Share capital						
3110	Share capital of common stock	VI(XII)	403,559	18	403,559	19
Capital reserve						
3200	Capital reserve	VI(XIII)	793	-	793	-
Retained earnings						
3310	Legal capital reserve	VI(XIV)	314,398	14	282,637	13
3350	Unappropriated earnings		1,125,139	51	1,111,292	53
Other equity						
3500	Treasury shares	VI(XII)	(38,296)	(2)	(38,296)	(2)
3XXX	Total equity		<u>1,805,593</u>	<u>81</u>	<u>1,759,985</u>	<u>83</u>
3X2X	Total liabilities and equity		<u>\$ 2,232,111</u>	<u>100</u>	<u>\$ 2,114,647</u>	<u>100</u>

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng

Manager: Lin, Hung-Pei

Accounting Manager: Lo,
Chia-Ling

YUAN High-Tech Development Co., Ltd.
Comprehensive Income Statement
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating income	VI(XV)	\$ 1,180,609	100	\$ 1,372,773	100
5000 Operating costs	VI(IV)	(605,067)	(51)	(714,505)	(52)
5900 Gross profit		<u>575,542</u>	<u>49</u>	<u>658,268</u>	<u>48</u>
Operating expenses	VI(X)(XIX)				
6100 Selling and marketing expenses		(61,324)	(5)	(51,297)	(4)
6200 Administrative expenses		(101,579)	(9)	(111,384)	(8)
6300 R&D expenses		(172,226)	(15)	(157,570)	(11)
6450 Expected credit impairment (loss) income	XII(II)	(1,010)	-	2,513	-
6000 Total operating expenses		(336,139)	(29)	(317,738)	(23)
6900 Operating profit		<u>239,403</u>	<u>20</u>	<u>340,530</u>	<u>25</u>
Non-operating income and expenses					
7100 Interest income	VI(XVI)	4,361	-	1,438	-
7010 Other income	VI(XVII)	18,800	2	18,275	1
7020 Other gains and losses	VI(XVIII)	(1,853)	-	22,885	2
7050 Finance costs		(364)	-	(373)	-
7000 Total non-operating income and expenses		<u>20,944</u>	<u>2</u>	<u>42,225</u>	<u>3</u>
7900 Net income before tax		<u>260,347</u>	<u>22</u>	<u>382,755</u>	<u>28</u>
7950 Income tax expenses	VI(XXI)	(58,809)	(5)	(68,451)	(5)
8200 Net profit in the current period		<u>\$ 201,538</u>	<u>17</u>	<u>\$ 314,304</u>	<u>23</u>
8311 Remeasurements of defined benefit plans	VI(X)	(\$ 6,067)	-	\$ 4,135	-
8349 Income tax related to items not reclassified	VI(XXI)	<u>1,213</u>	<u>-</u>	<u>(827)</u>	<u>-</u>
8300 Other comprehensive income, net		<u>(\$ 4,854)</u>	<u>-</u>	<u>\$ 3,308</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 196,684</u>	<u>17</u>	<u>\$ 317,612</u>	<u>23</u>
Earnings per share	VI(XXII)				
9750 Basic earnings per share		<u>\$</u>	<u>5.07</u>	<u>\$</u>	<u>7.91</u>
9850 Diluted earnings per share		<u>\$</u>	<u>5.06</u>	<u>\$</u>	<u>7.88</u>

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng

Manager: Lin, Hung-Pei

Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Statement of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Share capital of common stock	Capital reserve	Retained earnings		Treasury shares	Total equity
				Legal capital reserve	Unappropriated earnings		
<u>2022</u>							
Balance as of January 1, 2022		\$ 403,559	\$ 793	\$ 244,090	\$ 1,031,012	(\$ 38,296)	\$ 1,641,158
Net profit in the current period		-	-	-	314,304	-	314,304
Other Comprehensive Income		-	-	-	3,308	-	3,308
Total comprehensive income for the period		-	-	-	317,612	-	317,612
Appropriation and distribution of earnings of 2021:	VI(XIV)						
Provision for legal surplus reserve		-	-	38,547	(38,547)	-	-
Cash dividends		-	-	-	(198,785)	-	(198,785)
Balance as of December 31, 2022		\$ 403,559	\$ 793	\$ 282,637	\$ 1,111,292	(\$ 38,296)	\$ 1,759,985
<u>2023</u>							
Balance as of January 1, 2023		\$ 403,559	\$ 793	\$ 282,637	\$ 1,111,292	(\$ 38,296)	\$ 1,759,985
Net profit in the current period		-	-	-	201,538	-	201,538
Other Comprehensive Income		-	-	-	(4,854)	-	(4,854)
Total comprehensive income for the period		-	-	-	196,684	-	196,684
Appropriation and distribution of earnings of 2022:	VI(XIV)						
Provision for legal surplus reserve		-	-	31,761	(31,761)	-	-
Cash dividends		-	-	-	(151,076)	-	(151,076)
Balance as of December 31, 2023		\$ 403,559	\$ 793	\$ 314,398	\$ 1,125,139	(\$ 38,296)	\$ 1,805,593

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng

President: Lin, Hung-Pei

Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Cash Flow Statement
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	From January 1 to December 31, 2023	From January 1 to December 31, 2022
<u>Cash flows from operating activities</u>			
Current net profit before tax		\$ 260,347	\$ 382,755
Adjustments			
Income and expenses			
Depreciation expenses	VI(V)(VI)(VIII) (XIX)	19,416	21,136
Amortization expenses	VI(XIX)	3,624	3,657
Expected credit impairment loss (reversal gain)	XII(II)	1,010	(2,513)
Interest income	VI(XVI)	(4,361)	(1,438)
Gains on disposals of property, plant and equipment	VI(XVIII)	(10)	-
Interest expense		364	373
Changes in assets/liabilities relating to operating activities			
Net changes in assets related to operating activities			
Decrease in notes receivable		3,552	6,068
Decrease (increase) in accounts receivable		(10,101)	34,298
Decrease (increase) in inventories		(37,636)	22,538
Decrease (increase) in other current assets		(22,902)	55,747
Increase in other non-current assets		(4,415)	(13,547)
Net change in liabilities related to operating activities			
Decrease in contract liabilities - current		(7,992)	(14,655)
Increase (decrease) in notes payable		35,530	(23,931)
Increase (decrease) in accounts payable		45,122	(18,133)
Decrease in other payables		(3,107)	(1,846)
Increase (decrease) in other current liabilities		484	(1,884)
Increase (decrease) in liability provision		(5,139)	952
Increase in other non-current liabilities		-	3,360
Cash inflow from operating activities		273,786	452,937
Interest received		4,361	1,438
Interest paid		(364)	(373)
Income tax paid		(44,925)	(58,297)
Net cash inflow from operating activities		232,858	395,705
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment	VI(V)	(560)	(2,571)
Proceeds from disposals of property, plant and equipment		10	-
Purchase of intangible assets		(3,782)	(4,682)
Increase in refundable deposits		(33)	(302)
Net cash outflow from investment activities		(4,365)	(7,555)
<u>Cash flows from financing activities</u>			
Repayment of leasing principal	VI(XXIII)	(15,064)	(13,600)
Increase in guarantee deposits		23	2,042
Cash dividends	VI(XIV)	(151,076)	(198,785)
Net cash outflow from financing activities		(166,117)	(210,343)
Increase in cash and cash equivalents for the current period		62,376	177,807
Balance of cash and cash equivalents at the beginning of period		456,030	278,223
Balance of cash and cash equivalents at the end of the period		\$ 518,406	\$ 456,030

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng

Manager: Lin, Hung-Pei

Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Notes to the Financial Report
2023 and 2022

Unit: NT\$ thousand
(unless otherwise specified)

I. Company History

YUAN High-Tech Development Co., Ltd. (hereinafter referred to as "the Company") was established in October, 1990 in the Republic of China, and is mainly engaged in the manufacturing, processing and trading of computer multimedia peripheral video converters and interface cards, electronic and computer parts, general import and export business of the aforementioned products, and the distribution and bidding business of the aforementioned products on behalf of domestic manufacturers.

II. Date and Procedures for Adoption of the Financial Report

This financial report was approved and promulgated by the Board of Directors on March 4, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards ("IFRSs") as endorsed and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed and promulgated by the FSC in 2023:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IAS 1 - Disclosure Initiative-Accounting Policies	January 1, 2023
Amendments to IAS 8 - Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules	May 23, 2023

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(II) The impact of newly issued and amended IFRS endorsed by FSC but yet has not been adopted by the Company

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed by the FSC in 2024:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS7 and IFRS7 - Supplier Finance Arrangements	January 1, 2024

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(III) The impact of IFRS published by the IASB but not yet endorsed by the FSC

The following table lists the newly issued, amended and revised IFRSs and interpretations published by the IASB but not yet endorsed by the FSC:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendment of IAS 21 - Lack of Exchangeability	January 1, 2025

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The main accounting policies adopted in the preparation of this financial report are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(I) Statement of Compliance

This financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as International Financial Reporting Standard, International Accounting Standard, IFRIC Interpretations, and SIC Interpretations (hereinafter referred to as "IFRSs") as endorsed and issued by the Financial Supervisory Commission.

(II) Basis of Preparation

1. Except for the following important items, this financial report is prepared at historical cost:

A defined benefit liability is recognized as the net value of the pension fund assets minus the present value of the defined benefit obligation.

2. The preparation of financial report in compliance with IFRSs requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Please refer to Note V for items involving in a higher degree of judgment or complexity or items involving in significant assumptions and estimates to the financial report.

(III) Translation of foreign currency

The items presented in the financial report of the Company are measured at the currency (i.e., functional currency) of the main economic environment in which the Company operating. This financial report is presented in the functional currency of the Company, New Taiwan Dollar.

Transaction in foreign currencies and balances

1. Transaction in foreign currencies are translated into functional currencies at the spot exchange rate on the trading day or the measurement date, and the translation differences generated by such transactions are recognized as profit or loss for the current period.
2. The balance of monetary assets and liabilities in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation differences generated by such adjustment shall be recognized as profit and loss for the current period.
3. If the balance of non-monetary assets and liabilities in foreign currencies is not measured at fair value, it shall be measured at the historical exchange rate of the initial trading day.

4. All other exchange gains and losses shall be presented under "Other gains and losses" in the Income Statement.

(IV) The classification criteria for assets and liabilities whether are current or non-current

1. An asset that meets any of the following conditions shall be classified as current asset:
 - (1) The asset is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
 - (2) The liability is held primarily for trading purposes;
 - (3) The asset is expected to be realized within 12 months after the balance sheet date; and
 - (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to pay off a liability at least 12 months after the balance sheet date.

The Company classifies all assets that do not meet the foregoing conditions as non-current.

2. A liability that meets any of the following conditions shall be classified as current liability:
 - (1) The liability is expected to be paid off in the normal operating cycle;
 - (2) The liability is held primarily for trading purposes;
 - (3) The liability is expected to be paid off within 12 months after the balance sheet date; and
 - (4) The liability of which the settlement term cannot be deferred unconditionally to at least 12 months after the balance sheet date. However, the terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification.

The Company classifies all liabilities that do not meet the foregoing conditions as non-current.

(V) Cash equivalents

Cash equivalents refer to short term investments with highly liquidity that can be converted into cash at any time with little risk of change in value. Time deposits that meet the foregoing definition and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(VI) Accounts and notes receivable

1. Accounts and notes receivable refer to the accounts and notes which have the right to unconditionally receive the consideration for the transfer of goods or services in accordance with the contract.
2. The Company measures the short term accounts and notes receivable without interest paid at the original invoice value, due to the little effect from discount.
3. The Company's expected factoring receivables are operated for the purpose of selling, and shall be measured at fair value subsequently, with changes recognized as profit and loss for the current period.

(VII) Impairments of financial assets

At each balance sheet date, the Company, taking into account all reasonable and verifiable information (including forward-looking information) regarding financial assets measured at amortized cost, and accounts receivable with material financial components, measures the loss allowance by the expected credit loss in 12 months for those without credit risk increased significantly since the initial recognition, and measures the loss allowance by the expected credit loss during the duration for those with credit risk increased significantly since the initial recognition. For accounts receivable that do not contain a material financial component, the Company measures the loss allowance by the expected credit loss during the duration.

(VIII) Derecognition of financial assets

The Company will derecognize a financial asset if:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The Company transfers the contractual rights to receive cash flows from the financial asset and virtually has transferred all the risks and rewards of the ownership of the financial asset.
3. The Company transfers the contractual rights to receive cash flows from the financial asset without retaining control over the financial asset.

(IX) Lessor's lease transaction - operating lease

The deduction of any inducement given to the lessee from the lease income of an operating lease shall be recognized as the current profit or loss by the straight-line method during the lease term.

(X) Inventories

Inventory shall be measured at the lower of cost or net realized value, and the cost is determined by weighted average method. The costs of finished goods and work in process include raw materials, direct labor, other direct costs and manufacturing overhead related to production, but does not include borrowing costs. The item by item comparison method is adopted for the lower of comparative cost and net realized value. The net realized value refers to the balance of the estimated selling price in the normal course of business minus the estimated cost to be invested until completion and estimated costs required to complete the sale.

(XI) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement shall be derecognized. All other

maintenance costs shall be recognized as current profit or loss when incurred.

3. Property, plant and equipment shall be subsequently measured by the cost model, and shall be depreciated by the straight-line method based on the estimated service life except for land. If each item of property, plant and equipment is material, it shall be depreciated separately.
4. The Company reviews each asset's residual values, service lives and depreciation methods at the end date of each fiscal year. If expected values of residual values and service lives differ from the previous estimates or there has been a material change in the expected consumption pattern of the future economic benefits contained in the asset, it shall be treated in accordance with the provisions of the IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for changes in accounting estimates since the date of the change. The service life of each asset is as follows:

Machinery equipment	2 to 5 Years
Transportation equipment	5 Years
Office equipment	3 to 5 Years

(XII) Lessee's lease transaction - right-of-use assets/lease liabilities

1. The leased assets shall be recognized as the right-of-use assets and lease liabilities on the date when they are available to the Company. When the lease contract is a short-term lease or a lease of an underlying asset of low value, the lease payment shall be recognized as expense during the lease period by straight-line method.
2. The lease liabilities shall be recognized at the present value of the unpaid lease payments at the commencement date of lease discounted at the Company's interest rate on the increment loan. A lease payment is a fixed payment minus any lease inducement that may be received.

The lease liabilities shall be measured by the interest method and the amortized cost method subsequently, and the provision for interest expense shall be made during the lease term. When the lease term or lease payment changes not due to the contract modification, the lease liability will be reassessed and the remeasurement amount will be adjusted to the right-of-use asset.

3. The right-of-use assets shall be recognized at cost on the commencement date of lease, and the cost shall include:
 - (1) The initial measurement amount of the lease liability;
 - (2) Any lease payment paid on or before the commencement date.

The right-of-use assets shall be measured by the cost model subsequently, and the provision for depreciation expense shall be made on the earlier of the expiry date of the asset's service life or the expiry date of the lease term. When the lease liability is reassessed, the right-of-use assets will be adjusted to any remeasurement of the lease liability.

4. For a lease modification that reduces the scope of the lease, lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the

lease, and recognize the difference between the carrying amount and the remeasurement amount of the lease liability in the profit and loss.

(XIII) Investment properties

Investment properties shall be recognized at acquisition cost, and measured by the cost model subsequently. Except for land, investment property shall be depreciated by the straight-line method according to the estimated service life, which is 10-20 years.

(XIV) Intangible assets

Computer software

Computer software shall be recognized at acquisition cost, and amortized over an estimated service life of 1 - 5 years by the straight-line method.

(XV) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with an indication of impairment, and recognizes the impairment loss when the recoverable amount is lower than the book value. The recoverable amount refers to the fair value of an asset minus the cost of disposal or its use value, whichever is higher. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

(XVI) Accounts and notes payable

1. Accounts and notes payable are debts incurred for the purchase of raw materials, goods or services on credit and notes payable incurred either arising from business or not arising from business.
2. The Company measures the short-term accounts and notes payable without interest paid at the original invoice value, due to the little effect from discount.

(XVII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when its contractual obligations specified have been performed, canceled or due.

(XVIII) Offsetting of financial assets and liabilities

The Company may offset the financial assets and financial liabilities against each other and present them net in the balance sheet only when it has a legally enforceable right to offset the recognized amount of financial assets and liabilities, and intends to close on a net basis or realize assets and pay off liabilities at the same time.

(XIX) Liability provision

Provision for liabilities (including warranties and provisions for liabilities arising from litigation) shall be recognized when the Company has a current legal or constructive obligation arising from a past event, and it is likely that the Company will have to discharge resources with economic benefit in the future to fulfill the obligation, the amount of such obligation can be reliably estimated. The provision for liabilities shall be measured by the best estimated present value of the expenditure required to fulfill the obligation at the balance sheet date, with a pre-tax discount rate which reflects the current market assessment of the time value of money and the specific risk of the liability. The amortization of the discount shall be recognized as interest expense. No provision for liabilities shall be recognized for future operating losses.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits shall be measured at the undiscounted amount expected to be paid and shall be recognized as expenses when the services are provided.

2. Pension

(1) Defined contribution plans

For a defined contribution plan, the amount of the pension fund to be contributed shall be recognized as the current pension cost on an accrual basis. Contributions paid in advance shall be recognized as assets to the extent refundable cash or reduced future payments.

(2) Defined benefit plans

A. Net obligations under defined benefit plans shall be calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations less the fair value of plan assets at the balance sheet date. Net obligations under defined benefit plan shall be calculated on an annually basis by actuaries using the projected unit benefit method. The discount rate adopted shall be the market yield (at the balance sheet date) of government bonds in the same currency and period as the defined benefit plan at the balance sheet date.

B. The rereasurement amount generated by the defined benefit plan shall be recognized in other comprehensive income for the period in which it is incurred and expressed in retained earnings.

3. Employees compensation and remuneration to directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. If there is a difference between the actual amount distributed and the accrued amount resolved subsequently, it shall be treated

as a change in accounting estimate. In addition, if employees' compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the board of directors.

(XXI) Income tax

1. Income tax expense includes current and deferred income taxes. Income tax shall be recognized in profit and loss, except that income tax related to items included in other comprehensive income or directly included in equity shall be separately included in other comprehensive income or directly included in equity.
2. The Company shall calculate the current income tax on the basis of the tax rates that are legislated or substantially legislated at the balance sheet date by the country in which the Company operates and generates its taxable income. Management shall evaluate on a regularly basis the status of income tax returns in respect of applicable income tax regulations and, where applicable, estimate income tax liabilities based on the taxes expected to be paid to tax authorities. The expense of income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized according to the actual distribution of undistributed earnings until the next year of the year in which the surplus is generated after the earnings distribution plan is approved by the shareholders' meeting.
3. Deferred income tax shall be recognized on the basis of temporary differences between the tax basis of assets and liabilities and their carrying amounts on the balance sheet, using the balance sheet method. Deferred tax is subject to the tax rate (and tax law) that is legislated or substantially legislated at the balance sheet date and is expected to apply at the time of realization of the relevant deferred tax asset or settlement of the deferred tax liability.
4. Deferred income tax assets shall be recognized to the extent that temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets shall be reassessed on each balance sheet date.
5. The Company shall offset the current income tax assets and current income tax liabilities against each other only when it has the legal enforcement power to offset the recognized current income tax assets and liabilities against each other and intends to repay them on a net basis or realize assets and pay off liabilities at the same time. The Company shall offset the deferred income tax assets and liabilities against each other only when it has the legal enforcement power to offset the current income tax assets and the current income tax liabilities against each other, and the deferred income tax assets and liabilities are generated by the same taxpayer, or by different taxpayers, levied by the same tax authority, provided that each taxpayer intends to repay them on a net basis or realize assets and pay off liabilities at the same time.
6. Unused income tax credits transferred in later period arising from research and development expenditure shall be recognized as income tax assets to the extent that future tax income is likely to be available for the use of the unused income tax credit.

(XXII) Share capital

1. Common stock is classified as equity, and the incremental costs directly attributable to the issuance of new shares or stock options shall be included as price deduction in equity with the net amount after deduction of income tax.

2. When the Company repurchases its outstanding shares, it recognizes the consideration paid, including any directly attributable incremental costs, as a reduction of shareholders' equity on a net after-tax basis. When the repurchased shares are subsequently re-issued, the difference between the book value and the consideration received after deducting any directly attributable increment costs and income tax effects of the repurchased shares shall be recognized as an adjustment of shareholders' equity.

(XXIII) Dividend distribution

Cash dividends distributed to the Company's shareholders shall be recognized in the financial report when the dividends distribution are approved by resolution of the shareholders' meeting or by special resolution of the Board of Directors. Cash dividends distribution shall be recognized as liabilities, while stock dividends distributed to the shareholders of the Company shall be recognized as stock dividends to be distributed when the distribution is resolved at the Company's stockholders' meeting, and recognized as ordinary shares on the base date of issue of new shares.

(XXIV) Recognition of revenue

1. Merchandise sales

- (1) The Company develops, manufactures and sells computer multimedia peripheral video converters, interface cards and other related products, and recognizes the sales revenue when the control of the products is transferred to the customer, that is, when the products are delivered to the customer, the customer has the discretion over the distribution and price of the products, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the products. The delivery of products shall be deemed to have occurred only when the products are shipped to the designated location, the risk of obsolescence and loss has been transferred to the customer and the customer has accepted the products pursuant to the sales contract or there is objective evidence that all acceptance criteria have been met.
- (2) Sales allowances granted to customers are generally calculated on a 12-month cumulative sales basis. The Company estimates sales allowances using the expected value approach based on historical experience. Revenue recognized is limited to the portion of the sales that is highly likely not to be materially reversed in the future and shall be updated on each balance sheet date. Estimated sales allowance payable to customer in relation to sales as at the balance sheet date shall be recognized as a refund liability. Payment terms for sales transactions are usually 30 to 60 days due from the date of shipment. The Company will not adjust the transaction price to reflect the time value of currency if the time interval between the transfer of the promised goods to the customer and the payment by the customer has not exceeded one year.
- (3) The Company provides standard warranty for the products sold, shall be obligated to refund for product defects, and shall recognize liability provisions at the time of sales.
- (4) Accounts receivable shall be recognized when the goods are delivered to the customer, since the Company has an unconditional right to the contract price from that point on and can collect consideration from the customer only after the lapse of time.

2. Acquisition costs of customer contracts

The incremental costs incurred by the Company in obtaining the customer contracts are expected to be recoverable. However, as the contract period is less than one year, such costs shall be recognized as expenses when incurred.

(XXV) Operating segments

Information about the Company's operating segments is reported in a manner consistent with internal management reports provided to principal operating decision maker. The principal operating decision maker is responsible for allocating resources to the operating segments and evaluating their performance. The principal operating decision maker of the Company is identified as the Board of Directors.

V. Major sources of uncertainty in major accounting judgments, estimates and assumptions

At the time of the preparation of this financial report, management has used its judgment in determining the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations concerning future events according to the current conditions as at the balance sheet date. Significant accounting estimates and assumptions made that may differ from actual results will be continuously evaluated and adjusted taking into account historical experience and other factors. Such estimates and assumptions are subject to the risk of a material adjustment of the carrying amounts of assets and liabilities in the following fiscal year. The Company has taken into account the economic impact of the COVID-19 outbreak in its significant accounting judgments and will continue to evaluate the impact on its financial position and financial performance. Please refer to the following descriptions of the uncertainties in significant accounting judgments, estimates and assumptions:

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

Since inventories are valued at the lower of cost and net realized value, the Company must use judgment and estimation to determine the net realized value of inventories at the balance sheet date. Due to rapid changing technology, the Company evaluates the amount of inventory for normal wear and tear, obsolescence, or without market value at the balance sheet date and offsets the cost of inventory to net realized value. This inventory valuation is based primarily on product demand estimates for specific periods in the future and may be subject to material change.

As of December 31, 2023, the carrying amount of the Company's inventory is NT\$ 390,929.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1,112	\$ 1,005
Check deposits and current deposits	410,069	318,925
Time deposits	<u>107,225</u>	<u>136,100</u>
	<u>\$ 518,406</u>	<u>\$ 456,030</u>

1. The Company transacts with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.
2. The Company has not pledged any cash and cash equivalents.

(II) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ -	\$ 3,552
Accounts receivable	\$ 10,194	\$ 93
Less: allowance for loss	<u>(1,019)</u>	<u>(9)</u>
	<u>\$ 9,175</u>	<u>\$ 84</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 10,054	\$ 93	\$ 3552
Within 30 days	106		-
31-90 days	18		-
91-180 days	-		-
More than 181 days	<u>16</u>		<u>-</u>
	<u>\$ 10,194</u>	<u>\$ 93</u>	<u>\$ 3552</u>

The above aging analysis is based on the number of days overdue.

2. Balances of accounts receivable and notes receivable as of December 31, 2023 and 2022 were generated by contracts with customer, and the balance of accounts receivable under contracts with customer as of January 1, 2022 was NT\$ 44,689.
3. Without regard to collateral held or other credit enhancements, the maximum exposure amount representing most the credit risk of the Company's notes receivable as of December 31, 2023 and 2022 is NT\$ 0 and NT\$ 3,552, and the maximum exposure amount representing most the credit risk of the Company's accounts receivable as of December 31, 2023 and 2022 is NT\$ 9,175 and NT\$ 84, respectively.

4. Please refer to Note XII (II) for information on the credit risks.

(III) Transfer of financial assets

Transferred financial assets derecognized as a whole

The Company entered into an account receivable factoring agreement with EnTie Commercial Bank Co., Ltd., Taipei Fubon Commercial Bank Co., Ltd., CTBC Bank Co., Ltd., and Cathay United Bank Co., Ltd. on August 4, 2023, September 22, 2023, December 30, 2022, and September 18, 2023 respectively. The Company is contractually free from the risk of non-collection of such transferred receivables and is only liable for losses arising from commercial disputes, and the Company has no ongoing involvement in such transferred receivables. Therefore, the Company derecognizes such factoring accounts receivable. The relevant information regarding those outstanding accounts receivable is as follows:

	Amount of factoring accounts receivable	Derecognition amount	Unused amount
December 31, 2023	\$ 121,547	\$ 121,547	\$ 306,320
December 31, 2022	\$ 105,824	\$ 105,824	\$ 390,893

The foregoing derecognition amounts are unadvanced and presented as "other current assets". The Company transacts its factoring accounts receivable with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.

(IV) Inventories

	December 31, 2023		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	\$ 369,507	(\$ 21,960)	\$ 347,547
Work in process	60,909	(21,723)	39,186
Finished products	4,502	(306)	4,196
Total	\$ 434,918	(\$ 43,989)	\$ 390,929
	December 31, 2022		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	\$ 335,062	(\$ 18,753)	\$ 316,309
Work in process	54,369	(19,942)	34,427
Finished products	3,117	(560)	2,557
Total	\$ 392,548	(\$ 39,255)	\$ 353,293

Inventory cost recognized as expense and loss in the current period:

	2023	2022
Cost of inventory sold	\$ 595,361	\$ 715,758
Loss from falling price (Recovery gain)	4,734(2,724)
Loss from scrap	4,972	1,471
	<u>\$ 605,067</u>	<u>\$ 714,505</u>

Due to disposed inventories recognized as loss from falling price in 2022, the recovery gain of inventories of the Company is generated.

(V) Property, plant and equipment

	2023			
	Machinery equipment	Transportation equipment	Office equipment	Total
January 1				
Costs	\$ 8,150	\$ 5,706	\$ 12,033	\$ 25,889
Accumulated depreciation	(3,410)	(4,280)	(6,947)	(14,637)
	<u>\$ 4,740</u>	<u>\$ 1,426</u>	<u>\$ 5,086</u>	<u>\$ 11,252</u>
January 1	\$ 4,740	\$ 1,426	\$ 5,086	\$ 11,252
Additions	93	-	467	560
Disposal cost	(1,152)	(430)	(2,585)	(4,167)
Accumulated depreciation disposed of	1,152	430	2,585	4,167
Depreciation expenses	(1,650)	(407)	(2,177)	(4,234)
December 31	<u>\$ 3,183</u>	<u>\$ 1,019</u>	<u>\$ 3,376</u>	<u>\$ 7,578</u>
December 31				
Costs	\$ 7,091	\$ 5,276	\$ 9,915	\$ 22,282
Accumulated depreciation	(3,908)	(4,257)	(6,539)	(14,704)
	<u>\$ 3,183</u>	<u>\$ 1,019</u>	<u>\$ 3,376</u>	<u>\$ 7,578</u>

	2022					
	Land	Land improvement	Machinery equipment	Transportation equipment	Office equipment	Total
January 1						
Costs	\$ 1,078,743	\$ 114	\$ 6,584	\$ 5,706	\$ 12,161	\$ 1,103,308
Accumulated depreciation	-	(3)	(2,588)	(3,224)	(4,941)	(10,756)
	<u>\$ 1,078,743</u>	<u>\$ 111</u>	<u>\$ 3,996</u>	<u>\$ 2,482</u>	<u>\$ 7,220</u>	<u>\$ 1,092,552</u>
January 1	\$ 1,078,743	\$ 111	\$ 3,996	\$ 2,482	\$ 7,220	\$ 1,092,552
Additions	-	-	2,171	-	400	2,571
Reclassification	(1,078,743)	(101)	-	-	-	(1,078,844)
Disposal cost	-	-	(604)	-	(528)	(1,132)
Accumulated depreciation disposed of	-	-	604	-	528	1,132
Depreciation expenses	-	(10)	(1,427)	(1,056)	(2,534)	(5,027)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740</u>	<u>\$ 1,426</u>	<u>\$ 5,086</u>	<u>\$ 11,252</u>
December 31						
Costs	\$ -	\$ -	\$ 8,150	\$ 5,706	\$ 12,033	\$ 25,889
Accumulated depreciation	-	-	(3,410)	(4,280)	(6,947)	(14,637)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740</u>	<u>\$ 1,426</u>	<u>\$ 5,086</u>	<u>\$ 11,252</u>

The real property, plant and equipment of the Company have not been provided as guarantee.

(VI) Leasing transaction - lessee

1. The underlying assets leased by the Company are buildings, with a general lease term between 1 and 2 years. The lease agreements are negotiated individually and contain a variety of terms and conditions. There are no restrictions other than that the leased assets may not be used as guaranteed for loan.
2. Information on the book value and recognized depreciation expenses of the right-of-use assets is as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	<u>\$ 16,238</u>	<u>\$ 19,352</u>

	2023	2022
	Depreciation expenses	Depreciation expenses
Buildings	\$ 15,031	\$ 15,962

- The increase of the Company's right-of-use assets for the years ended December 31, 2023 and 2022 is NT\$ 11,917 and NT\$ 18,228, respectively.
- Information on the profit and loss relating to the lease contract is as follows:

	2023	2022
<u>Items affecting current profit and loss</u>		
Interest expense on lease liabilities	\$ 308	\$ 370
Expenses attributable to short-term lease contract	333	918

- The total lease cash outflow of the Company for the years ended December 31, 2023 and 2022 is NT\$ 15,705 and NT\$ 14,888, respectively.

(VII) Lease transactions - lessor

- The underlying assets rented out by the Company include land and buildings, with a general lease term between 1 and 9 years. Lease agreements are negotiated individually and contain a variety of terms and conditions. In order to preserve the use of the leased assets, the lessee is usually required not to use the leased assets as guarantee for loan or to provide salvage value guarantee.
- For the rental income recognized by the Company under operating lease agreement for the years ended December 31, 2023 and 2022, please refer to Note VI(VIII), on which there is no variable lease payment.
- The maturity date analysis of the lease payment made by the Company under operating lease is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 11,867
2024	11,106	11,106
2025	10,158	10,158
2026	10,158	10,158
2027	10,158	10,158
2028	10,158	10,158
After 2029	22,855	22,855
	\$ 74,593	\$ 86,460

(VIII) Investment Properties

		2023		
		Land	Buildings and structures	Total
January 1				
Costs	\$	1,100,263	\$ 23,653	\$ 1,123,916
Accumulated depreciation			- (22,910)	(22,910)
	\$	<u>1,100,263</u>	<u>\$ 743</u>	<u>\$ 1,101,006</u>
January 1	\$	1,100,263	\$ 743	\$ 1,101,006
Depreciation expenses			- (151)	(151)
December 31	\$	<u>1,100,263</u>	<u>\$ 592</u>	<u>\$ 1,100,855</u>
December 31				
Costs	\$	1,100,263	\$ 23,653	\$ 1,123,916
Accumulated depreciation			- (23,061)	(23,061)
	\$	<u>1,100,263</u>	<u>\$ 592</u>	<u>\$ 1,100,855</u>
		2022		
		Land	Buildings and structures	Total
January 1				
Costs	\$	21,520	\$ 23,538	\$ 45,058
Accumulated depreciation			- (22,749)	(22,749)
	\$	<u>21,520</u>	<u>\$ 789</u>	<u>\$ 22,309</u>
January 1	\$	21,520	\$ 789	\$ 22,309
Reclassification		1,078,743	101	1,078,844
Depreciation expenses			- (147)	(147)
December 31	\$	<u>1,100,263</u>	<u>\$ 743</u>	<u>\$ 1,101,006</u>
December 31				
Costs	\$	1,100,263	\$ 23,653	\$ 1,123,916
Accumulated depreciation			- (22,910)	(22,910)
	\$	<u>1,100,263</u>	<u>\$ 743</u>	<u>\$ 1,101,006</u>

1. Rental income and direct operating expenses of investment properties:

	<u>2023</u>	<u>2022</u>
Rental income from investment properties (Note)	<u>\$ 11,919</u>	<u>\$ 9,207</u>
Direct operating expenses incurred in investment properties with rental income in the current period	<u>\$ 1,609</u>	<u>\$ 1,678</u>

Note: Accounted for "Other income".

2. The fair value of the investment properties held by the Company as of December 31, 2023 and 2022 is NT\$ 1,311,940 and NT\$ 1,332,837, respectively. The fair value is based on the evaluation of the transaction prices of similar properties in the vicinity of the related assets and belongs to the third level fair value.
3. The Company's investment properties are not provided as collateral.
4. In order to enhance the efficiency and revitalize the assets, the Board of Directors resolved on April 14, 2022 to lease all the land in Neihu to Gramus International Co., Ltd. Due to the change in the purpose of holding the property from self-use to rental and receiving rental income, the lands are reclassified from property, plant and equipment to investment properties in accordance with IAS 40, Accounting for Investment Property.

(IX) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages payable	\$ 77,993	\$ 76,548
Remuneration payable to directors	5,424	7,974
Remuneration payable to employees	5,424	7,974
Commission payable	877	877
Other expense payables	4,579	4,031
	<u>\$ 94,297</u>	<u>\$ 97,404</u>

(X) Pension

1. (1) In accordance with the provisions of the Labor Standards Act, the Company has formulated a retirement plan with defined benefits, which applies to the seniority of all regular employees prior to the implementation of the Labor Pension Act on July 1, 2005, and to the subsequent seniority of employees who choose to continue to apply the Labor standards Act after the implementation of the Labor Pension Act. If an employee is eligible for retirement, the pension payment shall be based on his/her seniority and the average salary of the six months prior to his/her retirement. Two bases will be given for each year of service up to 15 years (inclusive), and one base will be given for each year of service exceeding 15 years, subject to a maximum of 45 accumulated bases. The Company allocates

2% of the total salary per month to the retirement fund, which is deposited in a special account at the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. In addition, before the end of each fiscal year, the Company shall estimate the balance of the special account for the retirement reserve fund for the employees referred to in the preceding paragraph. If the balance is insufficient to cover the estimated pension amount of the employees eligible for retirement in the following year, the Company will allocate the balance in a lump sum before the end of March next year.

(2) The amounts recorded in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 46,192)	(\$ 39,210)
Fair value of plan assets	<u>48,879</u>	<u>45,138</u>
Net defined benefit assets	<u>\$ 2,687</u>	<u>\$ 5,928</u>

(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2023			
Balance as of January 1	(\$ 39,210)	\$ 45,138	\$ 5,928
Current service cost	(246)	-	(246)
Interest (expenses) income	(470)	<u>542</u>	<u>72</u>
	<u>(39,926)</u>	<u>45,680</u>	<u>5,754</u>
Remeasurements:			
Changes in financial assumptions impact	<u>(6,266)</u>	<u>199</u>	<u>(6,067)</u>
Pension contribution	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Balance as of December 31	<u>(\$ 46,192)</u>	<u>\$ 48,879</u>	<u>\$ 2,687</u>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance as of January 1	(\$ 39,750)	\$ 38,975	(\$ 775)
Current service cost	(427)	-	(427)
Interest (expenses) income	<u>(239)</u>	<u>234</u>	<u>(5)</u>
	<u>(40,416)</u>	<u>39,209</u>	<u>(1,207)</u>
Remeasurements:			

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
Changes in financial assumptions impact	1,206	-	1,206
Experience adjustments	-	2,929	2,929
	<u>1,206</u>	<u>2,929</u>	<u>4,135</u>
Pension contribution	-	3,000	3,000
Pension payment	-	-	-
Balance as of December 31	<u>(\$ 39,210)</u>	<u>\$ 45,138</u>	<u>\$ 5,928</u>

(4) The fund assets of the defined benefit retirement plan of the Company are entrusted and operated by Bank of Taiwan within the proportion and amount of the entrusted operation items determined in the annual investment and utilization plan of this fund year in accordance with items in Article VI of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (Depositing in financial institutions at home and abroad, investing in listed, OTC or private equity securities and investing in securitized merchandises of domestic and foreign real estate, etc.), and relevant application is supervised by Labor Funds Supervisory Committee. The minimum income of the annual account distribution from the use of the funds shall not be less than the income calculated at the interest rate of two year term deposits of local banks, or, if there is any deficiency, it shall be supplemented by the State Treasury after being approved by the Regulator. Since the Company has no right to participate in the operation and management of the Fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with Paragraph 142 of IAS 19. For the fair value of the Fund's total assets constituted on December 31, 2023 and 2022, please refer to the annual utilization report on labor retirement fund announced by the government.

(5) The actuarial assumptions relating to the pensions are summarized as follows:

	<u>2023</u>	<u>2022</u>
Discount Rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

Assumptions for future mortality are estimated on the basis of the 6th Experience Life Table of the Life Insurance Industry.

The present value of defined benefit obligations affected by changes in major actuarial assumptions adopted is analyzed as follows:

	Discount Rate		Future salary increase rate	
	Increase by	Decrease by	Increase by	Decrease by
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Impact on the present value of defined welfare obligations	(\$ 496)	\$ 504	\$ 383	(\$ 380)
December 31, 2022				
Impact on the present value of defined welfare obligations	(\$ 490)	\$ 499	\$ 394	(\$ 391)

The sensitivity analysis described above is to analyze the effects of single assumption change based on under the circumstances that other assumptions remain unchanged. In practice, many changes of assumptions may be linked. Sensitivity analysis is consistent with the methodology used to calculate the net pension liabilities of the balance sheet.

The methodology and a ssuptions used to prepre the sensitivity analysis in this period are the same as that of previous period.

- (6) The Company's projected contribution to retirement plan for 2024 is NT\$ 174.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 5 years. The maturity analysis of pension payments is as follows:

Next 1 year	\$	7,137
Next 2 to 5 years		31,383
Next 6 years or more		4,543
	\$	43,063

- 2. (1) Since July 1, 2005, the Company has established a defined contribution retirement plan for employees of Taiwan nationality in accordance with the Labor Pension Act. The Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of Labor for employees every month in respect of the employee's choice to apply the labor pension system stipulated in the Labor Pension Act. The employee's pension shall be paid by monthly or in a lump sum based on his/her special pension account and accumulated income.
- (2) The pension costs recognized by the Company under the foregoing pension plan for the years ended December 31, 2023 and 2022 are NT\$ 7,479 and NT\$ 6,968,

respectively.

(XI) Liability provision

	<u>Repair and warranty</u>	<u>Litigation compensation</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 65,371	\$ 1,852	\$ 67,223
Reversal in provision for liabilities during the current period	(5,139)	-	(5,139)
Balance as of December 31, 2023	<u>\$ 60,232</u>	<u>\$ 1,852</u>	<u>\$ 62,084</u>

	<u>Repair and warranty</u>	<u>Litigation compensation</u>	<u>Total</u>
Balance as of January 1, 2022	\$ 64,419	\$ 1,852	\$ 66,271
Increase in provision for liabilities during the current period	952	-	952
Balance as of December 31, 2022	<u>\$ 65,371</u>	<u>\$ 1,852</u>	<u>\$ 67,223</u>

The analysis of liability provision is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 21,728</u>	<u>\$ 23,424</u>
Non-current	<u>\$ 40,356</u>	<u>\$ 43,799</u>

1. Repair and warranty

The provision for liabilities of repair and warranty of the Company's are mainly related to the sales of computer multimedia peripheral video converters and interface cards, etc., and are estimated based on the historical repair and warranty information of such products. The Company expects that such liability provision will occur over the next three years.

2. Litigation compensation

In a patent infringement dispute with Societa Italiana per lo Sviluppo dell'Elettronica S.p.A, the German court ruled on January 9, 2013 that the Company had infringed the German Patent No. EP402973 of Sisvel, and the Company shall: (1) bear the court fees of the second instance; (2) bear the reasonable legal fees of Sisvel; (3) indemnify

Sisvel for any loss incurred as a result of the infringement. The calculation of actual damages shall be based on royalty, and the actual sales figures of the Company shall be used as the basis for royalty calculation. Since the whole case has been concluded, the Company has made a liability provision of NT\$1,852 according to the judgment.

(XII) Share capital

1. The authorized capital of the Company is NT\$800,000, which is divided into 80,000 shares with a face value of NT\$10 per share. As of December 31, 2023, the paid in capital is NT\$403,559. The payments of all shares issued by the Company have been received.
2. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows (Unit: thousand shares)

	2023	2022
January 1 (i.e. December 31)	39,757	39,757

3. Treasury shares

- (1) The reasons for the recovery of shares and the number:

		December 31, 2023	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	\$ 38,296

		December 31, 2022	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	\$ 38,296

- (2) It is stipulated by the Securities and Exchange Act that the proportion of the number of shares repurchased by a company shall not exceed 10% of the total number of shares issued by such company, and the total amount of shares repurchased shall not exceed the retained earnings plus the premium of issued shares and the realized capital reserve.
- (3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and no shareholders are entitled to their rights until the shares have been transferred.
- (4) In accordance with the provisions of the Securities and Exchange Act, shares repurchased for the purpose of transferring shares to employees shall be transferred within five years from the date of repurchase. If the shares are not transferred within the time limit, the Company shall be deemed to have not issued shares, and shall go through the alteration registration to cancel the shares. For

the purpose of maintaining the Company's credit and shareholders' equity, the Company shall go through the alteration registration and cancellation of shares within six months from the date of repurchase.

(XIII) Capital reserve

In accordance with the Company Act, the surplus from the issuance of shares in excess of par value and the capital reserves from the receipt of donations shall be used to cover losses, and shall be distributed as new shares or distributed in cash to shareholders according to their original shareholding ratio when the Company has no accumulated losses. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the foregoing capital reserve is appropriated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not appropriate capital reserve to capital if the loss is still not covered after appropriating capital surplus to capital deficiency.

(XIV) Retained earnings

1. In accordance with the Articles of Incorporation, if there is earnings in the annual total account, in addition to paying all taxes in accordance with the law, the earnings shall be used to make up the loss of the previous year first, and 10% shall be set aside as the legal surplus reserve. If there is surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting. When the surplus is distributed by cash dividends, the Company shall authorize the Board of Directors to adopt a special resolution and report to the shareholders' meeting in accordance with laws and regulations. The amendment to the Articles of Incorporation was completed on July 20, 2021.
2. The Company's dividend policy is as follows: At the end of each fiscal year, the Company's Board of Directors shall make a proposal for the earnings distribution or loss recovery plan, and dividends shall be distributed in the form of cash dividends in part or in whole, of which stock dividends shall not exceed 90% of the dividends distributed for the current fiscal year.
3. The legal surplus reserve shall be exclusively used to cover accumulated deficit, to issue new shares or distribute cash to shareholders in proportion to their original shareholding ratio, provided that legal surplus reserve used for the issue of new shares or cash distributed to shareholders shall be limited to the portion in excess of 25% of the paid-in capital.
4. When distributing the earnings, in accordance with the regulations, the Company shall set aside special surplus reserve from the debit balance of other equity items at the balance sheet date in the current year. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. The resolution on earnings distribution for 2022 resolved by the shareholders' meeting on June 20, 2023 and the resolution on earnings distribution for 2021 resolved by at shareholders' meeting on June 14, 2022 are as follows:

	2022		2021	
	Amount	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 31,761		\$ 38,547	
Cash dividends	<u>151,076</u>	\$ 3.8	<u>198,785</u>	\$ 5
	<u>\$ 182,837</u>		<u>\$ 237,332</u>	

6. The Surplus Earnings Distribution Plan in 2023 of the Company, as proposed by the Board of Directors on March 4, 2024, is as follows:

	2023	
	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 19,669	
Cash dividends	<u>139,150</u>	\$ 3.5
	<u>\$ 158,819</u>	

The distribution proposal of surplus earnings in 2023 mentioned above has not been resolved by the shareholders' meeting as of March 4, 2024.

(XV) Operating income

	2023	2022
Income from contracts with customers	<u>\$ 1,180,609</u>	<u>\$ 1,372,773</u>

1. Disaggregation of income from contracts with customers

The income of the Company is derived from the rendering of goods that are transferred at a certain point and can be broken down by the following main product lines:

	2023	2022
Sales income		
Computer multimedia peripheral video Converters and interface cards, etc.	\$ 1,178,669	\$ 1,361,434
Others	<u>1,940</u>	<u>11,339</u>
Total	<u>\$ 1,180,609</u>	<u>\$ 1,372,773</u>

2. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities - advances on sales	\$ 20,506	\$ 28,498	\$ 43,153

3. Contract liabilities at the beginning of period recognized as income in the current period

	<u>2023</u>	<u>2022</u>
The beginning balance of contract liabilities is recognized as income in the current period		
Advances on sales	\$ 18,789	\$ 28,890

(XVI) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ 4,361	\$ 1,438

(XVII) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 11,919	\$ 9,207
Other income - others	6,881	9,068
	<u>\$ 18,800</u>	<u>\$ 18,275</u>

(XVIII) Other gains and losses

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses)	(\$ 1,863)	\$ 25,340
Miscellaneous disbursements	-	(2)
Other losses	-	(2,453)
Gains on disposals of property, plant and equipment	10	-
	<u>(\$ 1,853)</u>	<u>\$ 22,885</u>

(XIX) Additional information on the nature of expense

	<u>2023</u>		<u>2022</u>
Employee benefit expenses	\$ 242,997	\$	235,975
Depreciation expenses of right-of-use assets	15,031		15,962
Depreciation expenses of real property, plant and equipment	4,234		5,027
Depreciation expenses of investment properties - buildings and structures	151		147
Amortization expense of intangible assets	3,624		3,657
	<u>\$ 266,037</u>	<u>\$</u>	<u>260,768</u>

(XX) Employee benefit expenses

	<u>2023</u>		<u>2022</u>
Salary expenses	\$ 212,346	\$	205,265
Labor and health insurance expenses	15,520		13,432
Pension expenses	7,653		7,400
Other employment costs	7,478		9,878
	<u>\$ 242,997</u>	<u>\$</u>	<u>235,975</u>

1. In accordance with the Articles of Incorporation, the Company shall, after deducting the accumulated losses based on the current year's profits, if there is still earnings, allocate no less than 2% as employee compensation and no more than 2% as remuneration to directors.
2. For the years ended December 31, 2023, and 2022, the estimated remuneration of the Company for employees was NT\$5,424 and NT\$7,974, respectively, and the estimated remuneration for directors and supervisors was NT\$5,424 and NT\$7,974, respectively. The amounts mentioned above were recorded as salary expenses.

The amounts are estimated at 2% based on the profits for the year ended December 31, 2023. The estimated amount is in line with the amount actually distributed by the Board of Directors and paid in cash.

The compensation for employees and remuneration to directors resolved by the Board of Directors for 2022 are consistent with the amounts recognized in the financial report of 2022.

Information on remuneration for employees and directors approved by the Board of directors of the Company is available at the Market Observation Post System.

(XXI) Income tax

1. Income tax expenses

(1) Components of income tax expense

Current tax:	<u>2023</u>	<u>2022</u>
Income tax incurred in current period	\$ 48,916	\$ 72,000
Additional income tax on unappropriated earnings	6,739	7,407
Overvaluation of income tax in previous years	-	(15,548)
Total income tax in the period	<u>55,655</u>	<u>63,859</u>
Deferred income tax:		
Initial generation and reversal of temporary differences	<u>3,154</u>	<u>4,592</u>
Total deferred income tax	<u>3,154</u>	<u>4,592</u>
Income tax expenses	<u>\$ 58,809</u>	<u>\$ 68,451</u>

(2) Income tax related to other comprehensive income:

	<u>2023</u>	<u>2022</u>
Remeasurements of defined benefit	<u>\$ 1,213</u>	<u>(\$ 827)</u>

2. Relationship between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax of profit before tax calculated at the statutory tax rate	\$ 52,070	\$ 76,551
Tax effect of excluded items according to tax law	-	41
Overvaluation of income tax in previous years	-	(15,548)
Additional income tax on unappropriated earnings	<u>6,739</u>	<u>7,407</u>
Income tax expenses	<u>\$ 58,809</u>	<u>\$ 68,451</u>

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Temporary differences:				
- Deferred income tax assets:				
Doubtful debt expenses	\$ -	\$ 183	\$ -	\$ 1,83
Inventory price loss	7,850	947	-	8,797
Unrealized exchange losses	4,103	(2,649)	-	1,454
Unrealized repair costs	13,077	(1,028)	-	12,049
Unused vacation bonus	149	(42)	-	107
Sub-total	<u>\$ 25,179</u>	<u>(\$ 2,589)</u>	<u>\$ -</u>	<u>\$ 22,590</u>
- Deferred tax liabilities:				
Pension	<u>(\$ 1,186)</u>	<u>(\$ 565)</u>	<u>\$ 1,213</u>	<u>(\$ 538)</u>
Sub-total	<u>(\$ 1,186)</u>	<u>(\$ 565)</u>	<u>\$ 1,213</u>	<u>(\$ 538)</u>
Total	<u>\$ 23,993</u>	<u>(\$ 3,154)</u>	<u>\$ 1,213</u>	<u>\$ 22,052</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Temporary differences:				
- Deferred income tax assets:				
Doubtful debt expenses	\$ 550	(\$ 550)	\$ -	\$ -
Inventory price loss	8,395	(545)	-	7,850
Not actually contributed pension expenses	155	(155)	-	-

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Unrealized exchange losses	6,996	(2893)	-	4,103
Unrealized repair costs	12,885	192	-	13,077
Unused vacation bonus	431	(282)	-	149
Sub-total	\$ 29,412	(\$ 4,233)	\$ -	\$ 25,179
- Deferred tax liabilities:				
Pension	\$ -	(\$ 359)	(\$ 827)	(\$ 1,186)
Sub-total	\$ -	(\$ 359)	(\$ 827)	(\$ 1,186)
Total	\$ 29,412	(\$ 4,592)	(\$ 827)	\$ 23,993

4. The Company's profit-seeking enterprise income tax has been approved by the tax collection authority to the year 2021.

(XXII) Earnings per share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to common shareholders in the current period	\$ 201,538	39,757	\$ 5.07
<u>Diluted earnings per share</u>			
Net profit attributable to common shareholders in the current period	201,538	39,757	
Effect of potentially dilutive common shares			
Employees' compensation	-	69	
Impact of net current profit attributable to common shareholders plus potential common stocks	\$ 201,538	39,826	\$ 5.06

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to common shareholders in the current period	\$ 314,304	39,757	\$ 7.91
<u>Diluted earnings per share</u>			
Net profit attributable to common shareholders in the current period	314,304	39,757	
Effect of potentially dilutive common shares			
Employees' compensation	-	132	
Impact of net current profit attributable to common shareholders plus potential common stocks	\$ 314,304	39,889	\$ 7.88

(XXIII) Changes in liabilities generated from financing activities

	2023		2022	
	Lease liabilities		Lease liabilities	
January 1	\$	19,461	\$	14,833
Changes in cash flow from(financing		15,064)	(13,600)
Other non-cash changes		11,917		18,228
December 31	\$	16,314	\$	19,461

VII. Related Party Transactions

- (I) Parent company and ultimate controller: None.
(II) Information of remuneration to the main management

	2023		2022	
Short-term employee benefits	\$	32,606	\$	38,529
Post-employment benefits		3,000		3,000
Total	\$	35,606	\$	41,529

VIII. Pledged Assets

4.None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

5.None.

X. Losses due to Major Disasters

6.None.

XI. Significant Events after the Balance Sheet Date

7.For the surplus earnings distribution plan for 2023 proposed by the Board of Directors on March 4, 2024, please refer to Note VI (XIV) for details.

XII. Others

(I) Capital management

The capital management the Company aims to ensure the Company's ability as a going concern, so as to maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. In order to maintain or restructure its capital structure, the Company may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company uses a debt-to-capital ratio to monitor its capital, which is calculated by dividing the total liabilities of the balance sheet by the total liabilities and equity.

The Company's strategy in 2022 remains the same as that in 2021, with a commitment to maintain a debt ratio below 40%-45%. The debt-to-capital ratio of the Company as of December 31, 2023 and 2022 is 19% and 17%, respectively.

(II) Financial instruments

1. Categories of financial instruments

As of December 31, 2023 and 2022, the carrying amounts of financial assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets of factoring receivables, and refundable deposits) classified as measured at amortized cost under IFRS 9 by the Company are NT\$657,877 and NT\$572,041 respectively, the carrying amounts of financial liabilities (including notes payable, accounts payable, other payables and guarantee deposits) classified as measured at amortized cost are NT\$263,220 and NT\$185,652, respectively, and the carrying amounts of lease liabilities are NT\$16,314 and NT\$19,461 as of December 31, 2023 and 2022, respectively.

2. Risk Management Policy

- (1) The Company's daily operations are subject to a number of financial risks, including market risks (including exchange rate risks and interest rate risks), credit risks and liquidity risks. The Company adopts a comprehensive risk management and control system to clearly identify, measure and control the risks described, seeking to mitigate the potential adverse impact on the Company's financial position and performance.
 - (2) Risk management shall be carried out by the Finance and Accounting Department of the Company in accordance with the policies approved by the Board of Directors. The Finance and Accounting Department of the Company is responsible for identifying, assessing and mitigating financial risks through close cooperation with the Company's internal operating units. The Board of Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus working capital.
3. The nature and extent of the material financial risk
- (1) Market risks

Exchange rate risk

- A. The Company is engaged in the business involved in several non-functional currencies (the functional currency of the Company is new Taiwan dollar), which are subject to exchange rate fluctuations. Information on assets and liabilities in foreign currency that are significantly affected by exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency (NT\$ thousand)	Exchange rate	Carrying amount (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,324	30.71	\$ 255,630
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,561	30.71	\$ 78,648
December 31, 2022			
(Foreign currency: functional currency)	Foreign currency (NT\$ thousand)	Exchange rate	Carrying amount (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,024	30.71	\$ 277,127
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,266	30.71	\$ 38,879

- B. The aggregate amount of total conversion (losses) benefits (realized and unrealized) recognized by the Company for the year of 2023 and 2022 for the monetary items, which have been materially affected by exchange rate fluctuations, is (NT\$1,863) and NT\$25,340, respectively.
- C. The impacts on foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

		2023		
		Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,045	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 629	\$	-
		2022		
		Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,217	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 311	\$	-

Cash flow and interest rate risks with fair value

- A. The main interest bearing assets of the Company are cash (presented as "cash and cash equivalents"). As all the maturity dates are less than 12 months, there is no material risk of interest rate changes affecting the cash flow.
- B. The Company does not use any financial instruments to hedge its interest rate risk.
- (2) Credit risk
- A. The credit risk of the Company is the risk of financial loss of the Company due to the failure of a customer or a counterparty of a financial instrument to fulfill its contractual obligations, which is mainly caused by the inability of the counterparty to repay the cash flow of accounts receivable payable on the terms of collection.

- B. The Company establishes credit risk management from a corporate perspective. In accordance with the stated internal credit policy, each of the Company's operating units shall carry out the management and credit risk analysis of each new customer before establishing the payment and delivery terms and conditions with such customer. Internal risk control is to assess the credit quality of customers by taking into account their financial position, historical experience, and other factors.
- C. The Company adopts IFRS 9 to provide the following assumptions as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:
When the contract payment is overdue for more than 30 days according to the agreed terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
- D. The Company adopts IFRS 9 to provide assumptions that if the contract payment is overdue for more than 90 days according to the agreed terms, it is deemed to have breached the contract.
- E. The Company groups the accounts receivable from customers according to the characteristics of customer ratings and customer types and adopts a simplified approach to estimate the expected credit losses based on a provision matrix.
- F. The Company adjusts the loss rate based on historical and current information for a specific period by taking into account the forward-looking considerations for the future to estimate the allowance for losses on accounts receivable. The reserve matrices as of December 31, 2023 and 2022 are as follows:

	<u>Not overdue</u>	<u>1 - 90 days overdue</u>		
<u>December 31, 2023</u>				
Expected loss rate	5.75%	5.75%		
Total book value	\$ 10,054	\$ 124		
Allowance for loss	996	7		
	<u>91-180 days overdue</u>	<u>More than 181 days overdue</u>	<u>Total</u>	
<u>December 31, 2023</u>				
Expected loss rate	37.50%	100%		
Total book value	\$ -	\$ 16	\$	10,194
Allowance for loss	-	16	1,019	
	<u>Not overdue</u>	<u>1 - 90 days overdue</u>		
<u>December 31, 2022</u>				
Expected loss rate	5.73%	5.75%		
Total book value	\$ 3,645		\$	
Allowance for loss	9		-	
	<u>91-180 days overdue</u>	<u>More than 181 days overdue</u>	<u>Total</u>	
<u>December 31, 2022</u>				
Expected loss rate	5.75%	100.00%		
Total book value	\$		\$ \$	3,645

	-	-	
Allowance for loss	-	-	9

G. The statement of changes in allowance loss of the Company's accounts receivable adopting simplified approach is as follows:

	2023	
	Accounts receivable	
January 1	\$	9
Provision for the current period		1,010
December 31	\$	1,019

	2022	
	Accounts receivable	
January 1	\$	3,200
Reversal of impairment loss	(2,513)
Amounts written off as uncollectible	(678)
December 31	\$	9

(3) Liquidity risk

- A. The Company's Finance Department monitors the Company's working capital requirements to ensure that adequate funds are available to meet operational requirements.
- B. The Company invests the remaining funds in interest-bearing demand deposits and time deposits (presented as "cash and contractual cash"). The instrument chosen by the Company has an appropriate maturity date or sufficient liquidity. The Company held the monetary market positions of NT\$517,294 and NT\$455,025 as of December 31, 2023 and 2022, respectively, which are expected to generate immediate cash flows to manage liquidity risk.
- C. The following table shows the Company's non-derivative financial liabilities grouped according to their respective maturity dates, which are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amount of contract cash flow disclosed in the following table is the amount undiscounted.

December 31, 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Lease liabilities	\$ 11,072	\$ 5,601	\$ -	\$ -

December 31, 2022	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Lease liabilities	\$ 14,863	\$ 4,962	\$ -	\$ -

(III) Information on fair value

1. Please refer to Note VI.(VIII) for the details of fair value of investment properties measured at costs.
2. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables, are a reasonable approximation of their fair values.

(IV) Other Matters

None.

XIII. Separately Disclosed Items

(I) Information on significant transactions

1. Lending of funds to others: None.
2. Endorsement/guarantee provided for others: None.
3. Marketable securities held at the end of year (excluding investments in subsidiaries, associates, and joint ventures): None.
4. Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at cost in excess of NT\$300 million or 20% of paid-in capital: None.
6. Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital: None.
7. Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital: None.
8. Accounts receivable from related parties equal to or in excess of NT\$100 million or 20% of paid-in capital: None.
9. Engaged in derivatives trading: None.
10. The business relationship between the parent company and subsidiaries, and between subsidiaries, and significant transactions and amounts: None.

(II) Information on investees

None.

(III) Information on investments in mainland China

None.

(IV) Information on substantial shareholders

Information of major shareholders: Please refer to Schedule 1.

XIV. Segment Information

(I) General information

The Company operates in a single industry and has been identified as a single reporting segment by the operating decision maker, the Board of Directors, who evaluates performance of and allocates resources to the Company as a whole.

(II) Segment Information

1. The Company's operating segment profit and loss is measured at the pre-tax operating profit and loss and is used as a basis for performance evaluation. The accounting policies and estimates of the operating segment is the same as the summary of significant accounting policies and significant accounting estimates and assumptions set forth in Note IV and Note V.
2. The financial information presented to key operating decision makers is the same as and with the same measurement method as that in the consolidated income statement.

(III) Product and service specific information

The main business of the Company is the sales of TV cards, digital signal processors and other computer multimedia peripheral interface cards. Because it is a single product, there is no need to disclose the application of its product specific information.

(IV) Region specific information

The region specific information of the Company in 2023 and 2022 are as follows:

Region	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 319,056	\$ -	\$ 1,014,356	\$ -
America	627,252	-	113,918	-
Europe	93,968	-	81,200	-
Taiwan	138,396	1,145,128	160,937	1,153,528
Others	1,937	-	2,362	-
	<u>\$ 1,180,609</u>	<u>\$ 1,145,128</u>	<u>\$ 1,372,773</u>	<u>\$ 1,153,528</u>

(V) Important client information

Important client information of the Company in 2023 and 2022 are as follows:

<u>Client Name</u>	<u>2023</u>	<u>2022</u>
Company A	\$ 548,847	\$ 548,081
Company B	107,984	133,081
Company C	43,143	54,891
	<u>\$ 699,974</u>	<u>\$ 736,053</u>

(Blank below)

YUAN High-Tech Development Co., Ltd.

Information on substantial shareholders

December 31, 2023

Schedule 1

<u>Name of substantial shareholders</u>	<u>Shares held</u>	<u>Shares</u>	<u>Ratio</u>
Wei Sheng Investment Co., Ltd.	9,381,321		23.24%
Li, Shih-Chang	3,916,005		9.70%
Li, Shih-Kuei	3,174,000		7.86%
Xiang Li Investment Co., Ltd.	2,814,705		6.97%

Yuan High-Tech Development Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Statement I

Unit: NT\$ thousand

Item	Abstract	Amount
Cash on hand	\$	1,072
Petty cash		40
Check deposits		128
Current deposits	\$3,061 Exchange rate 30.71	409,941
Time deposits		107,225
	\$	<u>518,406</u>

Yuan High-Tech Development Co., Ltd.
Statement of Inventories
December 31, 2023

Statement II

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>		<u>Abstract</u>
	<u>Costs</u>	<u>Net realizable value</u>	
Raw materials	\$ 369,507	\$ 379,483	Raw materials are valued at replacement cost as the net realizable value and work in process and finished goods are valued at net realizable value
Work in progress (semi finished)	60,909	57,408	
Finished products	<u>4,502</u>	<u>45,329</u>	
Total	434,918	<u>\$ 482,220</u>	
Less: Price loss of allowance	<u>(43,989)</u>		
	<u>\$ 390,929</u>		

Yuan High-Tech Development Co., Ltd.
Statement of Notes Payable
December 31, 2023

Unit: NT\$ thousand

Statement III

Item	Amount	Remark
Company A	\$ 22,132	
Company B	4,833	
Company C	4,712	
Company D	4,088	
Company E	3,825	
Company F	3,486	
Others	22,119	Balance of each sporadic supplier does not exceed 5% of the current account balance
	<u>\$ 65,195</u>	

Yuan High-Tech Development Co., Ltd.
Statement of Accounts Receivable
December 31, 2023

Statement IV

Unit: NT\$ thousand

Item	Amount	Remark
Company A	\$ 21,169	
Company B	18,768	
Company C	14,585	
Company D	10,005	
Company E	5,424	
Others	31,368	Balance of each sporadic supplier does not exceed 5% of the current account balance
	<u>\$ 101,319</u>	

Yuan High-Tech Development Co., Ltd.
Statement of Sales Income
From January 1 to December 31, 2023

Unit: NT\$ thousand

Statement V

Item	Quantity		Amount
Computer multimedia peripheral video converters and interface cards, etc.	531,568 pcs	\$	1,178,669
Other PC related products	265,065 pcs		1,940
Net sales income		<u>\$</u>	<u>1,180,609</u>

Yuan High-Tech Development Co., Ltd.
Statement of Cost of Goods Sold
From January 1 to December 31, 2023

Statement VI

Unit: NT\$ thousand

Item	Amount
Raw materials at beginning of period	\$ 335,062
Add: Incoming in the current period	460,316
Less: raw materials at end of period	(369,507)
Scrap of raw materials	(4,972)
Segment receiving	(1,953)
Others	(283)
Raw materials consumed in the current period	418,663
Production overheads - processing costs	85,006
Production costs	503,669
Add: work in process at beginning of period	54,369
Purchase in the current period	106,453
Others	1
Less: work in process at end of period	(60,909)
Segment receiving	(1,190)
Cost of finished products	602,393
Add: finished products at beginning of period	3,117
Less: finished products at end of period	(4,502)
Segment receiving	(508)
Cost of production and sales	600,500
Inventory price loss	4,734
Loss from scrap	4,972
Other operating costs	(5,139)
Operating costs	<u>\$ 605,067</u>

Yuan High-Tech Development Co., Ltd.
Statement of Selling and Marketing Expenses
From January 1 to December 31, 2023

Statement VII

Unit: NT\$ thousand

Item	Amount	Remark
Salary expenditure (including pension)	\$ 26,091	
Travel expenditure	12,149	
Exhibition expenditure	11,017	
Others	12,067	Balance of each miscellaneous account does not exceed 5% of the current account balance
	<u>\$ 61,324</u>	

Yuan High-Tech Development Co., Ltd.
Statement of General and Administrative Expenses
From January 1 to December 31, 2023

Statement VIII

Unit: NT\$ thousand

Item	Amount	Remark
Salary expenditure (including pension)	\$ 54,450	
Depreciation	17,601	
Others	29,528	Balance of each miscellaneous account does not exceed 5% of the current account balance
	<u>\$ 101,579</u>	

Yuan High-Tech Development Co., Ltd.
Statement of Research and Development Expenses
From January 1 to December 31, 2023

Statement IX

Unit: NT\$ thousand

Item	Amount	Remark
Salary expenditure (including pensions and overtime)	\$ 139,458	
Insurance premium	12,677	
Others	20,091	Balance of each miscellaneous account does not exceed 5% of the current account balance
	<u>\$ 172,226</u>	

Classification	Feature	2023			2022		
		For operating costs	For operation expenses	Total	For operating costs	For operation expenses	Total
Employee benefit expenses							
Salary expenses	\$	-	\$ 206,922	\$ 206,922	\$	-	\$ 197,291
Labor and health insurance expenses		-	15,520	15,520	-	13,432	13,432
Pension expenses		-	7,653	7,653	-	7,400	7,400
Remuneration Paid to Directors		-	5,424	5,424	-	7,974	7,974
Other employee benefit expenses		-	7,478	7,478	-	9,878	9,878
Depreciation expenses		-	19,416	19,416	-	21,136	21,136
Amortization expenses		-	3,624	3,624	-	3,657	3,657

Note:

1. The average number of employees in the current year and the previous year were 145 and 145, respectively, of which the number of directors who do not concurrently serve as employees were 4 and 4, respectively.
2. For companies whose shares are listed on the TWSE/TPEX, the following information should also be disclosed:
 - (1) The average employee benefits expense for the current year is NT\$1,685 ((Total employee benefit expenses for the current year Total Directors' remuneration) / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees)). The average employee benefits expense for the previous year is NT\$1,617 ((Total employee benefit expenses for the previous year Total Directors' remuneration) / (Number of employees for the previous year - Number of Directors who do not concurrently serve as employees)).
 - (2) The average employee salary expense for the current year is NT\$1,468 (Total employee salary expenses for the current year / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees)). The average employee salary expense for the previous year was NT\$1,399 (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not concurrently serve as employees)).
 - (3) Change in average employee salary expense is 4.9% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
 - (4) The Audit Committee was established in June 2022, replacing the role of supervisors. Therefore, there were no supervisor's remuneration for the year 2023, whereas in the previous fiscal year, the supervisor's remuneration amounted to NT\$2,990.
 - (5) The Company's remuneration policy:
The Company's remuneration policies, standards, portfolios and procedures for determining remuneration shall be implemented mainly following the Company's personnel rules and regulations and the Remuneration Committee Organizational Rules. Directors' compensation and employees' compensation shall be appropriated in proportion to the provisions of the Articles of Incorporation, approved by the Salary and Compensation Committee and submitted to the Board of Directors for approval before being reported to the Shareholders' Meeting. Remuneration for directors and managers is based on industry standards, taking into account individual performance, the Company's operating results and the reasonableness of the correlation with future risks. Remuneration for employees is allocated based on industry standards, the competitive position of the Company's talents in the industry, the Company's overall operating results and profitability, budget planning, performance review and evaluation of future operating risks.

- V. **Consolidated financial statements of the parent and subsidiary companies whose visas have been verified by accountants in the latest year:** None
- VI. **As of the date of publication of the annual report for the most recent year of the Company and its affiliated enterprises, if there is any difficulty in financial turnover, it shall list its impact on the financial situation of the Company:** No such matters

Chapter 7. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Comparative Financial Analysis

(I) Comparative analysis of financial statements for the last two years:

Unit: NT\$ 1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	1,064,393	935,940	128,453	13.72
Property, Plant, and Equipment	7,578	11,252	(3,674)	-32.65
Intangible Assets	4,266	4,108	158	3.85
Other Assets	1,155,874	1,163,347	(7,473)	-0.64
Total Assets	2,232,111	2,114,647	117,464	5.55
Current liabilities (Note 1)	377,707	302,402	75,305	24.90
Other Liabilities	48,811	52,260	(3,449)	-6.60
Total Liabilities (Note 2)	426,518	354,662	71,856	20.26
Share Capital	403,559	403,559	0	0.00
Capital surplus	793	793	0	0.00
Retained Earnings	1,439,537	1,393,929	45,608	3.27
Total Shareholders' Equity	1,805,593	1,759,985	45,608	2.59

Variance Analysis Explanation:

The main reasons for the change of 20% or more in the prior and subsequent periods and the amount of the shift amounting to NT\$10 million and its effects are described as follows:

Note 1 & 2: Accounts payable for purchases that are not yet due.

If the change in the remaining period does not reach 20% or more and the amount of change does not reach NT\$10 million, no analysis is proposed.

(II) Effect of changes in the financial position: None.

(III) Future plans: Not applicable.

II. Financial Performance

(I) Comparative analysis of financial performance for the last two years

Unit: NT\$ 1,000

Item	2023	2022	Difference	Variance ratio (%)
Total operating revenues	1,187,475	1,373,732	-186,257	-13.56
Sales returns and discounts (Note 1)	(6,866)	(959)	-5,907	615.95
Net operating revenue	1,180,609	1,372,773	-192,164	-14.00
Operating cost	(605,067)	(714,505)	109,438	-15.32
Gross profit	575,542	658,268	-82,726	-12.57
Operating Expenses	(336,139)	(317,738)	-18,401	5.79
Other income and expense	0	0	0	-
Operating income (loss) (Note 2)	239,403	340,530	-101,127	-29.70
Non-operating income and gains (Note 3)	23,171	45,053	-21,882	-48.57
Non-operating expenses and losses (Note 4)	(2,227)	(2,828)	601	-21.25
Net income (loss) before income tax (Note 5)	260,347	382,775	-122,428	-31.98
Income tax expense	(58,809)	(68,451)	9,642	-14.09
Net profit (loss) after tax (Note 6)	201,538	314,304	-112,766	-35.88

Analysis of changes in the percentage of increase or decrease of more than 20%:

Note 1. Increase in sales returns and discounts.

Note 2. 5, 6: This is due to the decrease in revenue in 2022 compared with 2021.

Note 3. Decrease in miscellaneous income.

Note 4. Decrease in miscellaneous expenses.

For the rest, if the change in the prior and subsequent periods does not reach 20% or more and the amount of change does not reach NT\$10 million, analysis is not considered.

III. Cash flows

Unit: NT\$ 1,000

Cash balance at beginning of period	Net Cash Flows from Operating Activities	Net cash flows from investing activities and fundraising activities	Cash Surplus (Inadequacy)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Finance Management Plan
456,030	232,858	(170,482)	518,406	N/A	N/A

1. Analysis of the changes in cash flow this year:

- (1) Operating activities: The main factors of net cash outflow from operating activities for the period were payment for materials and income tax.
- (2) Investing activities: The main factor of net cash outflow from investing activities was the payment of cash dividends.

2. Cash shortfall remediation and liquidity analysis: N/A

3. Liquidity Analysis for the Coming Year:

Unit: NT\$1,000

Cash balance at beginning of period ^①	Estimated full-year net cash flow from operating activities ^②	Estimated annual cash outflow ^③	Estimated cash surplus (Shortfall) amount ^① + ^② - ^③	Remedy for cash inadequacy	
				Investment Plan	Finance Management Plan
518,406	346,958	181,150	684,214	N/A	N/A

IV. Impact of recent year significant capital expenditures on financial operations: None.

V. Reinvestment policy for the most recent year, the main reasons for its profit or loss, improvement plans and investment plans for the coming year: None.

VI. Risk Management Analysis and Assessment

1. The impact of interest rates, exchange rate changes and inflation on the Company's profit and loss in the recent year and future measures

Item	2023 (NTD thousand)
Interest Expense	364
Exchange (loss) gain	(1,863)

(1) Impact of interest rate changes and future measures

The total amount of interest expense for 2023 was NT\$364 thousand. The interest expense was mainly generated from interest on the lease liabilities and did not significantly impact the Company.

(2) Impact of exchange rate changes and future measures

The Company's products are mainly exported, and its export customers are priced in foreign currencies. The major components, such as ICs, are purchased from foreign vendors and paid in foreign currencies. Considering the relevant factors, the Company's foreign exchange gains and losses were as follow:

(A) We consider the exchange rate trend and hedge the exchange rate as necessary for purchases and sales of large amounts.

(B) The use of foreign currency to pay for raw materials naturally hedges the exchange rate risk of the major currencies. Foreign currency operations for hedging supplement it.

(C) Closely liaise with our bankers to obtain more favorable borrowing (deposit) rates and keep track of exchange rate movements.

(3) Inflationary Impact and Future Measures

In response to the impact of inflation, the Company will minimize the impact through market transfer and process improvement.

2. The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements/guarantees, and derivative transactions in the most recent year, the main reasons for profit or loss, and the measures to be taken in the future:

(1) As of the date of the annual report, the Company has not engaged in any high-risk or highly leveraged investments.

- (2) The Company has established the "Procedures for Loaning Funds to Others and Endorsements/Guarantees", which detail the restrictions on loaning funds and endorsements and guarantees. As of the date of the annual report, the Company has not loaned any funds to or endorsed any endorsements/guarantees for others.
- (3) The Company has set forth detailed measures for the operation and risk management of derivative instruments in the "Procedures for the Acquisition or Disposal of Assets". As of the date of the annual report, the Company has not engaged in any derivative financial instruments.

3. Future R&D plans and estimated R&D expenses

The Company's competitive advantage lies in continuous research and development innovation, and the simultaneous success of research and development and marketing is the company's goal. In addition, establishing the company's integrated design and manufacturing concept can improve product quality, reduce costs, and speed up the product development process. Choose the right partners, cultivate the same culture, vision and goals, and build the right organizational culture to create maximum profit with adequate work.

Therefore, in addition to developing forward-looking products that meet the market demand and correctly grasping the direction of R&D, the Company expects to invest 10% of its annual revenue in R&D. In addition, the Company continues to strengthen its R&D team and provide efficient personnel training to enhance the overall professional quality of R&D. In terms of the ability to introduce production processes, the Company must achieve the ability to raise mass production immediately after product development to improve production yields and reduce product costs, which is an essential factor for the success of R&D and marketing.

4. The impact of significant domestic and foreign policy and legal changes on the Company's financial operations in the most recent year and the measures are taken in response:

The Company follows the requirements of national laws and policies. The relevant departments are always aware of the changes in essential rules and regulations and adjust the internal control system and management methods to ensure that the Company fully complies with the laws and regulations.

5. Impact of recent annual technological changes and industry changes on the company's financial business and response measures: None.

6. The impact of the recent corporate image change on corporate crisis management and response measures:

The Company strives to maintain an innovative, positive, and responsible corporate image and our employees have a good sense of commitment to the company.

7. Expected benefits and possible risks of mergers and acquisitions in the most recent year: The Company has no plans to undertake mergers and acquisitions in the most recent year.

8. Expected Benefits and Possible Risks of Recent Annual Expansion: The Company has no plans to expand the Plant in the most recent year.

9. Risk of concentration of purchases or sales in the most recent year: The Company has no risk of excessive concentration of purchases or sales.

10. Directors, supervisors or major shareholders holding more than 10%, the impact and risks of large-scale transfer or replacement of equity on the company: None.

11. Impacts and risks of changes in operating rights on the company: None.

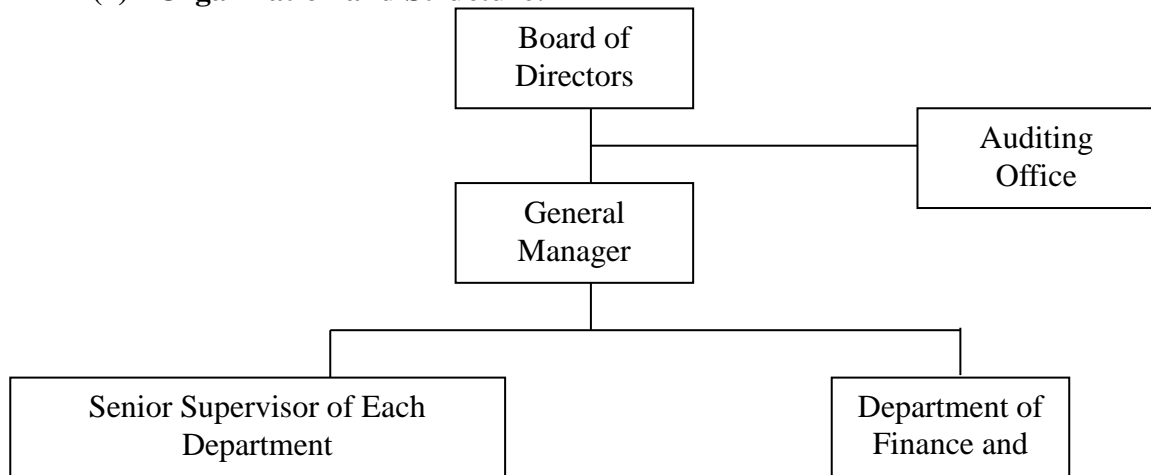
12. Litigation or non-litigation matters:

In connection with the patent infringement dispute with Societa Italiana per lo Sviluppo dell'Elettronica S.p.A, the German court ruled on January 9, 2003, that the Company infringed Sisvel's German Patent No. EP402973 and the Company shall be liable for: (1) court costs of the second trial; (2) reasonable attorney's fees of Sisvel; and (3) compensation for the damages suffered by Sisvel as a result of the infringement. The actual damages shall be calculated based on the calculation of royalties, and the actual sales figures of the Company shall be used as the basis for the calculation of royalties. Therefore, a provision of NT\$1,852 thousand was made for the liability.

13. Other important risks: None.

14. Risk Management Organization and Structure:

(1) Organization and Structure:



(2) Job Description:

- A. Board of Directors: Approval of various processing procedures
- B. Supervisors in each department; performance evaluation process
- C. Finance Department: responsible for proposing and executing the process and recording all certificates according to the accounts
- D. Auditors: Checking irregularities

VII. Other important matters: None

Chapter 8. Special Disclosure

I. Related Companies Information:

The Company has no affiliates.

II. As of the latest year and the date of publication of the annual report, the status of the handling of private securities:

For the most recent year and as of the date of the annual report, the Company has not entered into any private placement of marketable securities.

III. Status of the Company's shares held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report:

The Company has no subsidiaries.

IV. Other necessary additional clarifications:

Nil.

V. In the most recent year and as of the date of publication of the annual report, if the matters stipulated in Article 36, Paragraph 2, Subparagraph 2 of the Securities Exchange Act have a significant impact on the equity of shareholders or the price of securities:

Litigation Cases Details See page 220 of the annual report for details of the lawsuit.

YUAN High-Tech Development Co., Ltd.

Chairman: Zhao, Xi-Zheng

Date of Publication: May 20, 2024