

Stock Code: 5474



YUAN High-Tech Development Co., Ltd.

2024 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Convening method: Physical shareholders' meeting

Time: 9:00 a.m., June 13th, 2024

Location: No. 168, Jingye Fourth Road, Zhongshan District, Taipei City

(Noble Ballroom, 3rd Floor, Grand Victoria Hotel)

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF YUAN High-Tech Development Co., Ltd. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Table of Contents

	<u>Page</u>
2024 Annual Shareholders' Meeting Agenda.....	1
Announcements.....	2
Proposals.....	4
Extempore Motions.....	6
Appendices.....	7
(I) Business Report for 2023.....	7
(II) Audit Committee's Review Report.....	16
(III) Independent Auditors' Report.....	17
(IV) 2023 Financial Statements.....	21
(V) Articles of Incorporation.....	26
(VI) Rules of Procedure for Shareholders' Meetings.....	31
(VII) Directors' Shareholding Status.....	35

YUAN High-Tech Development Co., Ltd.

2024 Annual Shareholders' Meeting Agenda

I. Time: 9:00 a.m., June 13th, 2024

II. Location: No.168, Jingye Fourth Road, Zhongshan District, Taipei
City (Grand Victoria Hotel, 3rd Floor, Noble Ballroom)

III. Chairperson's Remarks

IV. Announcements

(I) Business Report for 2023

(II) Audit Committee's Review Report on Final Accounting Books
and Statements for 2023

(III) Report on the Distribution of Employee and Director
Remuneration for 2023

(IV) Report on the Distribution of Cash Dividends from Earnings
for 2023

V. Proposals

(I) Business Report and Financial Statements for 2023

(II) Earnings Distribution Proposal for 2023

VI. Extempore Motions

VII. Meeting Adjourned

Announcements

Proposal 1

Subject: Business Report for 2023

Description: Business Report for 2023 (Please refer to Pages 6 to 11 of this handbook)

Proposal 2

Subject: Audit Committee's Review Report on Final Accounting Books and Statements for 2023

Description: Audit Committee's Review Report (Please refer to Page 12 of this handbook).

Proposal 3

Subject: Report on the Distribution of Employee Remuneration and Director Remuneration for 2023

Description: According to Article 18 of the Company's Articles of Incorporation, a total of NT\$5,423,904 and NT\$5,423,904 in director remuneration and employee remuneration shall be distributed in the form of cash, where there is no difference from the amount of expenses recognized in 2023.

Proposal 4

Subject: Report on the Distribution of Cash Dividends from Earnings for 2023

Description: I. According to Article 18-1 of the Company's Articles of Incorporation, the Board of Directors shall be authorized to resolve that all or part of the dividends and bonuses is to be distributed in the form of cash.

II. A total of NT\$139,149,304 shall be allocated as dividends for shareholders, amounting to a cash dividend

of NT\$3.5 per share (equivalent to NT\$3,500 per thousand shares). Cash dividends to be distributed shall be rounded down to the nearest dollar, where the fractional amounts of dividends that are less than NT\$1 shall be included in the Company's other income.

III. The Board of Directors has approved the proposal and authorized either the Board of Directors or the Chairman to determine the ex-dividend date, payment date, and other related matters. In the event of any changes in laws and regulations, adjustments made by regulatory authorities, or changes in the number of shares outstanding due to share repurchases, cancellations, issuance of new shares, or other factors that may impact the number of shares in circulation, the Board of Directors shall be authorized to make necessary adjustments to shareholders' dividend payout ratio.

Proposals

Proposal 1 (Proposed by the Board of Directors)

Subject: Business Report and Financial Statements for 2023

Description: The Company's financial statements for 2023, which have been audited and reviewed by CPAs Feng Min-Chuan and Hsu Yung-Chien from PwC Taiwan, along with the Company's business report for 2023, have been approved by the Board of Directors and reviewed by the Audit Committee (Please refer Pages 6 to 11 and Pages 13 to 20 of this handbook for the aforesaid financial statements and business report, respectively).

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Subject: Earnings Distribution Proposal for 2023

Description: As the Company's net income after tax for 2023 is NT\$201,539,159, it is proposed that the Company's earnings be distributed as detailed below:

YUAN High-Tech Development Co., Ltd.
Distribution of Earnings for 2023



Unit: NT\$

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

Chairman:



President:



Accounting
Manager:



Resolution:

Extempore Motions

Meeting Adjourned

Appendices

(I) Business Report for 2023

YUAN High-Tech Development Co., Ltd.



I. Business Results for 2023

(I) Business Plan Implementation Results

The Company recorded a net operating revenue of NT\$1,180,609 thousand in 2023, down NT\$192,164 thousand or 14% from 2022; and a net income after tax of NT\$201,539 thousand, down 35.88% from 2022.

(II) Status of Budget Execution: Not applicable

(III) Financial Income and Expenses and Profitability Analysis

Item		2022	2023	
Financial Income and Expenditure	Non-operating income (NT\$ thousands)	45,053	23,171	
	Non-operating expenses (NT\$ thousands)	2,828	2,227	
Profitability	Return on assets (%)	15.13	9.29	
	Return on shareholders' equity (%)	18.48	11.30	
	As a percentage of paid-in capital (%)	Operating profit	84.38	59.32
		Net income before tax	94.84	64.51
	Net profit margin (%)	22.90	17.07	
Earnings per share (NT\$)	7.91	5.07		

(IV) Status of Research and Development:

1. Technology and Development Overview

YUAN High-Tech Development Co., Ltd. (TPEX: 5474) was established in 1990. Headquartered in Taiwan, the Company (also abbreviated to YUAN) is mainly engaged in the software and hardware business related to the design, development and manufacture of high-quality OEM/ODM capture cards, audio and video conversion boxes, and artificial intelligence (AI)-embedded video integration.

In recent years, the COVID-19 pandemic has had a significant impact on various sectors worldwide, leading to changes in people's daily lifestyles, social patterns, and work methods. Additionally, geopolitical risks and trade barriers have also influenced supply chains and global business to some extent. The Company has responded to these changes by identifying potential new opportunities and turning points. 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 and experience in hardware, drivers, firmware, FPGA, and SDK, we can vertically integrate different hardware modules

and software components. By utilizing hardware components from chip suppliers and leveraging our strong FPGA technology and R&D capabilities, we can overcome existing technological limitations and make design improvements. We also promptly respond to market and customer demands to maximize business benefits. Furthermore, the Company has consistently invested substantial resources in improving our product manufacturing technologies in an effort to offer a diverse range of products, target specific market segments, and differentiate ourselves from competitors. By continuously evolving its products, the Company is able to adapt to market changes and meet the demands of our customers.

Rapidly growing demand in the multimedia industry has led to an ongoing focus on the development and launch of products such as video streaming, high-definition recording, and playback. The Company's 4K60 product line is currently extensive, offering a range of products including audio and video signal capture cards, hardware compression audio and video capture cards, video converters, streaming audio and video encoders, and AI-related technologies needed by various industries. In order to meet market demand, the Company has developed an 8K ultra-high resolution audio and video signal capture product, providing users with the ultimate audiovisual experience. Furthermore, we have also created an 8K ultra-high resolution audio and video codec, an ultra-high resolution video converter, and an audiovisual streaming box that supports the new generation of broadcasting and television standards, in preparation for the next generation of multimedia audiovisuals. With a full commitment to the research and development (R&D) of cutting-edge audiovisual and digital monitoring products and technologies, the Company is expanding and cultivating our R&D capabilities and investing in various testing instruments and signal simulation equipment, aimed at ensuring that all new products pass and obtain relevant international testing certifications and safety standards before they are launched. Additionally, we continuously conduct multiple large-scale real-world tests on new products to guarantee uncompromising quality that meets the highest standards, with a view to achieving 100% customer satisfaction.

YUAN has developed an image overlay capture card that integrates the image capture industry and can output low-latency images. In addition to the original capture function, this card also enables the overlay of commentary on the images. This functionality is essential for image applications, such as overlaying AI images or textual information on surgical images, which greatly aids doctors. Moreover, the widespread use of image capture products in conjunction with AI, such as in security monitoring, smart homes, smart cities, and factory automation, has been expanding continuously. In recent years, the Company has made significant investments in the development of image AI technologies, aiming to capitalize on our extensive customer base and experience in audiovisual software technology. We provide

assistance to our existing customers in the field of image capture cards by offering integration of image capture, AI, and machine learning technologies. This includes providing tools and resources for image processing, medical image analysis, visualization, and data management. Medical equipment manufacturers can easily develop more accurate, intelligent, and efficient medical imaging devices by utilizing these image capture functionalities.

In conclusion, we seamlessly integrate AI technology and incorporate learning capabilities into applications of chips for embedded systems, i.e., system-on-a-chip (SOC), to enhance product value. Our image services encompass intelligent transportation, medical image recognition, facial recognition, passenger flow analysis, and behavior analysis. By engaging in extensive communication and collaboration with B2B customers in the industry, we have amassed a substantial volume of image data and implemented intelligent activation for our clients. We actively engage in discussions with our clients to assist them in effectively implementing AI technology. This includes developing AI algorithms, establishing image databases, designing specialized labeling software, and constructing inference models. We collaborate closely with our clients throughout the process. Our AI technology has been successfully implemented in multiple cases across Taiwan.

At the end of 2023, YUAN established Taiwan's state-of-the-art Image AI Technology Development Center at our headquarters while actively participating in various government initiatives for the development of intelligent infrastructure. Moving forward, the Company will remain committed to product innovation and technological development, with the aim of delivering superior quality products and services that cater to the evolving needs of our customers.

2. Technologies or Products Successfully Developed by the Company in 2023

The technologies or products successfully developed by the Company this year are listed as follows:

- ◆ 2x12G SDI HDMI20 to 12G SDI HDMI20: 2-channel Ultra HD 4K60 12G-SDI/HDMI20 3D Converter Box
- ◆ 2xSDI HDMI to SDI HDMI: 2-channel HD SDI/HDMI 3D Converter 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 Intelligent AV Processing Platform
- ◆ VPP6N0 NX-MB: 100 TOPS AI Intelligent AV Processing Platform
- ◆ VPP6N0-S NX-MB: 100 TOPS AI Intelligent Miniaturized AV Processing Platform
- ◆ VPP6N0-S NX PSE: 100 TOPS AI and 4-channel PSE Miniaturized Intelligent AV Processing Platform

- ◆ M2 710 N1 12G SDI+HDMI20: 1-channel M.2 Interface 12G-SDI/HDMI2.0 4K60 Ultra HD Video Capture Card
- ◆ M2 400 N1 SDI: 1-channel M.2 Interface SDI HD Video Capture Card
- ◆ DP to SDVoE V2: DP-to-SDVoE Ultra HD Encoder
- ◆ SDVOE TO DP V2: SDVoE-to-DP Ultra HD Decoder
- ◆ SDVOE TO HDMI20 plus: SDVoE-to-HDMI2.0 Ultra HD Decoder
- ◆ SC6E0 N1 IPUVC TO HDMI20: 1-channel IP/UVC-to-HDMI2.0 UHD decoder
- ◆ SC6F0 N1 HDMI2 Plus: 1-channel HDMI2.0 4K60 Ultra HD Encoder/Decoder
- ◆ SC400 N1 MC SDI: 1-channel MiniPCIe 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 HDMI/SDI/Analog HD 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 HDMI21 HID: USB UVC Interface HDMI21 8K60 HID Ultra HD Video Capture Card
- ◆ UB576G HDMI20 HID: USB UVC Interface HDMI20 4K60 HID Ultra HD Video Capture Card
- ◆ UB575G HDMI20 HDR HID: USB UVC Interface HDMI20 4K60 HDR HID Ultra HD Video Capture Card
- ◆ UB575G HDMI21 HDR HID: USB UVC Interface HDMI21 8K60 HDR HID Ultra HD 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 Ultra HD AV Converter Box

II. Overview of Business Plan for 2024

This year, the Company will continue to prioritize the marketing and promotion of our ultra-high-resolution image capture cards, video converters, and AV-over-IP streaming multimedia products. Furthermore, we intend to enhance our existing image capture cards by incorporating low-latency image overlay functionality. By combining image capture cards with image overlay capabilities and AI, we can develop a wide range of applications, which is anticipated to create numerous business opportunities.

Alongside image capture products, the markets for multimedia audiovisual, digital monitoring, Internet of Things (IoT), and AI-related applications are also thriving. The maturity of mobile networks, the expansion of network bandwidth, the popularity of portable devices, and the technological advancements of upstream suppliers will contribute to the significant market and consumer base for these related products and equipment beyond 2023.

As our products in the field of AV-over-IP streaming audio and video cover planning of products ranging from 100M to 25G, the Company also focuses on the development of intelligent edge computing to accelerate the speed of AI image processing, provide customers with better solutions. Meanwhile, we not only participate in prominent exhibitions around the world to keep abreast of market and technology trends, but also formulate medium- and long-term product design and development directions through face-to-face interaction with customers while dynamically adjusting product market positioning and development directions to seize decisive opportunities and maintain product competitiveness.

The Company develops and researches products based on various video processing and remote control combinations through in-depth cooperation with upstream chip suppliers, coupled with self-designed FPGA lines. At the same time, we strictly control the production quality and stability of products and reasonably control production costs while striving 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

Product lines that combines image capture, video recording, AI machine learning, and image overlay

The Company will develop an integrated solution that includes (1) image capture and recording, (2) AI and machine learning, and (3) an AI image capture output card with image overlay.

The concept of AI image overlay involves the use of AI technology to combine different image data, thereby enabling the acquisition of additional information to perform in-depth analyses. The Company is developing an AI image capture output card that utilizes AI to process captured images and overlay them onto the original images. This technology has applications in medical imaging, geographic information systems, surveillance cameras, and more, allowing for enhanced real-time analysis and evaluation.

Ultra-high-resolution product lines that lead the future

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

To meet market demand, we consistently introduce a comprehensive range of interface cards and converter boxes that support ultra-high resolution, including PCIe, miniPCIe, M.2, and MIPI image capture cards, as well as USB2.0, 3.0, and 3.2 image capture boxes, 2D/3D video converter boxes, and audio-video streaming encoders. In 2023, we unveiled the world's first 8K60/4K120 ultra-high magnification image capture card. This product line is specifically designed for sports broadcasting, esports gaming, and other industries, providing users with the highest quality ultra-high-definition visuals on standard display screens. It also aligns with the growing demand for 8K ultra-high resolution and AV-over-IP technology. All interface audiovisual products utilize a standardized set of driver programs and SDK that are compatible with mainstream operating systems such as Windows, Linux, NVIDIA Jetson, and macOS. This cross-platform design ensures a consistent video framework, enhancing product compatibility and ease of use.

Planning of stable and reliable AV-over-IP products with low latency

AV over IP offers numerous advantages, including scalability and flexibility, making it a cost-effective solution for high-quality video and audio transmission. Consequently, there is growing demand in the market for applications such as security monitoring, smart homes, video conferencing, digital billboards, and educational technology that are based on AV over IP. In light of immense potential in the AV-over-IP technology market, the Company is committed to delivering comprehensive technical, integration, and solution offerings to meet growing demand and business opportunities for AV-over-IP equipment upgrades.

Due to the increasing popularity of 4K resolution, there is rising demand for high-resolution video streaming in various application scenarios. AV-over-IP systems demonstrate the capability to achieve high-definition, low-latency, and stable audiovisual transmission, resulting in improved work efficiency and cost-effectiveness. Our AV-over-IP product line offers a range of efficient encoding schemes, including H.264, H.265, and AV1, to ensure high-quality 4K60 streaming. This product line spans from 100M to 25G, catering to different requirements. These encoding schemes not only support resolutions up to 4K60 and high-quality image effects, but also offer low latency and high stability for streaming transmission.

Various streaming communication protocols, including RTSP, RTMP, SRT, and TS, are utilized to fulfill the needs of diverse application scenarios. 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. At the end of 2022, we launched a streaming codec transceiver capable of supporting NDI ®, NDI ® | HX and SDVoE protocols at the same time, which allows for a variety of different streaming formats to meet customer needs in different application scenarios.

Image processing platforms with AI technology

The AI image processing platform enables more accurate image recognition, analysis, and application. For instance, in medical image processing, it can be used 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 used for applications like facial recognition and dynamic object detection in monitoring systems. In agriculture, it can be used for image analysis in farming. In transportation and logistics, image processing technology can be utilized for traffic monitoring, intelligent parking, and optimized delivery routes. In conjunction with the trend of high-resolution image processing platforms with AI technology, YUAN consistently incorporates advanced AI technology in image capture and embedded systems. With benefits such as real-time processing, lossless compression, and easy installation, the Company enhances the AI inference module for edge computing to improve the speed and accuracy of image analysis. We specialize in developing intelligent image processing platforms for various industry applications, offering high-quality, low-latency solutions through efficient image processing and real-time computing, with a commitment to satisfying to the diverse requirements of front-end to back-end system applications.

IV. Effects of External Competitive, Regulatory, and Overall Business Environments

- Application of image technology in edge embedded devices

Edge computing opportunities involve moving computing and data storage capabilities to edge devices that are closer to the data source, which enables faster processing and real-time feedback. While the computing power of edge computing embedded computers continues to improve, complex image processing algorithms can lead to excessive energy consumption or poor heat dissipation, which in turn affects system stability and lifespan. Moreover, 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 computers for image processing, appropriate 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.

- Industry solutions with advanced AI analytics

As surveillance technology continues to advance, industries and businesses are placing greater emphasis on safeguarding asset security, enhancing production efficiency, and maintaining public order. For instance, businesses can prevent internal theft and safeguard intellectual property rights by implementing monitoring systems. Medical institutions can improve ward security and ensure patient privacy through the use of video surveillance. Government agencies can uphold social order and reduce crime by employing surveillance systems. Nevertheless, the utilization of AI image analysis technology may give rise to certain social and ethical concerns, including privacy protection and fairness, which necessitate thorough consideration and resolution.

- AV-over-IP multimedia streaming integration applications

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. Improper encoding and compression may lead to poor picture quality, especially for applications that require high-quality images.

In the AV-over-IP field, each industry has its unique characteristics and application scenarios. Thus, specific choices should be made based on specific requirements. 100M is widely utilized in various applications, including videoconferencing, remote monitoring, and live streaming, and it is compatible with protocols such as RTSP, RTMP, HLS, SIP, WebRTC, ONVIF, SRT, NDI|Hx, and Dante AV-H. 1G bandwidth, which enables

low-latency and high-quality video transmission, is commonly used in video production and virtual studios in the advertising and television industries, and it supports communication protocols such as Full NDI and Dante AV-UTRLA. SDVoE utilizes proprietary encoding and decoding methods to achieve 4K60 4:4:4 transmission without delay, and even supporting 8K video transmission. In comparison to other AV-over-IP solutions, SDVoE operates at 10G, ensuring efficient and seamless transmission.

There are multiple technical standards and devices in the AV-over-IP field. The biggest challenge may arise from potential incompatibility between devices, which can lead to difficulties in installation and operation. Therefore, it is crucial to ensure interoperability and compatibility of AV-over-IP technology across different devices and systems.

Chairman	Chao Hsi-Cheng	
President	Lin Hong-Pei	
Accounting Manager:	Lo Chia-Ling	

(II) Audit Committee's Review Report

YUAN High-Tech Development Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's business report, financial statements and earnings distribution proposal for 2023. Specifically, the Company's financial statements have been audited and reviewed by CPAs Feng Min-Chuan and Hsu Yung-Chien from PwC Taiwan, who have also issued an audit report thereon. The aforesaid business report, financial statements, and earnings distribution proposal have been found to be in order upon review by the Audit Committee. Hence, this report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

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

Convener of the Audit Committee

Kuo Tung-Lung



March 4, 2024

(III) Independent Auditors' Report

Independent Auditors' Report

(113)-Tsai-Shen-Pao-Tzu-No. 23004811

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

Opinion

We have audited the accompanying balance sheets of YUAN High-Tech Development Co., Ltd. (hereinafter referred to as the "Company") as of December 31, 2023 and 2022, and the related statements of comprehensive income, change in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters with regards to the Company's financial statements for 2023 are stated as follows:

Cut-off of operating revenue

Description

Please refer to Note 4(24) for accounting policies on revenue recognition and Note 6(15) for accounting items and explanation on operating revenue. For the year ended December 31, 2023, the Company's operating revenue amounted to NT\$1,180,609thousand.

The Company's primary sales method involves recognizing revenue from shipments made from the processing plant warehouse. Revenue is recognized at the time of shipment (when control of the inventory is transferred to the customer). The Company recognizes revenues based on

inventory movements in the processing plant warehouses, mainly based on the reports or other information provided by the custodian of the processing plant warehouse. The time of sales recognition varies depending on the terms of agreements with customers. As the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and the discrepancy in inventory quantities between the physical inventory and accounting records. As there are numerous daily sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, we identified the cut-off of operating revenue as a key audit matter.

How our audit addressed the matter

We addressed the specific aspects of the key audit matter described above based on the following procedures:

1. We established an understanding of the Company's business model and evaluated the reasonableness of the Company's revenue cycle system.
2. We performed a cut-off test for operating revenue transactions in the period immediately preceding or following the period-end cut-off date, which consists of verifying the supporting documentation for shipments from the processing plant warehouse and recording inventory movements in the books for the appropriate period.
3. We performed on-site inventory observations of stock levels and carried out reconciliation of recorded stock levels. Moreover, we conducted an investigation to identify the causes of discrepancies between the inventory observations and the recorded accounts, as well as performed tests on the adjustment items prepared by the Company to verify significant discrepancies and make appropriate adjustments in the accounts.

Allowance for inventory valuation losses

Description

Refer to Note 4(10) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(4) for details of inventories. As of December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT\$434,918 thousand and NT\$43,989 thousand, respectively.

The Company primarily engages in the manufacture and sale of computer multimedia peripheral video converters and interface cards. Due to rapid technological changes and susceptibility to fluctuations in market prices, there is a higher risk of inventory losses arising from market value decline or obsolescence. The Company measures the normal sale of inventory at the lower of cost or net realizable value. In the case of individually identified obsolete or damaged inventory, a provision for loss is made based on net realizable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We addressed the specific aspects of the key audit matter described above based on the following procedures:

1. We obtained the Company's policy on allowances for inventory valuation losses and made comparisons to the financial reporting periods in which the policy was consistently applied. We also evaluated the reasonableness of the Company's policy on such allowances.
2. We obtained a detailed statement of the net realizable value of inventory cost and the amount of losses due to obsolescence and slow-moving items, as well as reviewed the supporting documents related to these values and verified their accuracy. Additionally, we assessed the basis and reasonableness of management's estimates of net realizable value.
3. We verified the relevant information obtained from the inventory counting process, as well as questioned management and personnel involved in inventory about any instances where slow-moving, surplus, long-shelf-life, outdated, or damaged inventory items have been omitted from the inventory details.

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

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

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

Those charged with governance at the Company, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

1. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

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

For and on behalf of PricewaterhouseCoopers Taiwan

Feng Min-Chuan

Independent Auditors

Hsu Yung-chien

Reference Number of the Approval Letter Issued by the
Securities and Futures Bureau, Financial Supervisory
Commission under the Executive Yuan:
Chin-Kuan-Cheng-6-Tzu-No. 0960038033
Reference Number of the Approval Letter Issued by the
Securities and Exchange Commission, Ministry of
Finance: (1995)-Tai-Tsai-Cheng-(6)-No. 13377

March 4, 2024

(IV) 2023 Financial Statements

YUAN High-Tech Development Co., Ltd.
Balance Sheets
for the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 518,406	23	\$ 456,030	21
1150	Notes receivable, net	6(2)	-	-	3,552	-
1170	Accounts receivable, net	6(2)(3)	9,175	-	84	-
130X	Inventory	6(4)	390,929	18	353,293	17
1470	Other current assets	6(3)	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	6(5)	7,578	-	11,252	1
1755	Right-of-use assets	6(6)	16,238	1	19,352	1
1760	Investment property, net	6(8)	1,100,855	49	1,101,006	52
1780	Intangible assets		4,266	-	4,108	-
1840	Deferred income tax assets	6(21)	22,590	1	25,179	1
1900	Other non-current assets	6(10)	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)

YUAN High-Tech Development Co., Ltd.
Balance Sheets
for the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Liabilities						
Current liabilities						
2130	Contractual liabilities - current	6(15)	\$ 20,506	1	\$ 28,498	1
2150	Note payable		65,195	3	29,665	1
2170	Accounts payable		101,319	5	56,197	3
2200	Other payables	6(9)	94,297	4	97,404	5
2230	Current income tax liabilities		61,673	3	50,943	2
2250	Provisions for liabilities - current	6(11)	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	Provisions for liabilities - non-current	6(11)	40,356	2	43,799	2
2570	Deferred income tax liabilities	6(21)	538	-	1,186	-
2580	Lease liabilities - 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	Common stock	6(12)	403,559	18	403,559	19
Capital reserve						
3200	Capital reserve	6(13)	793	-	793	-
Retained earnings						
3310	Legal reserve	6(14)	314,398	14	282,637	13
3350	Unappropriated retained earnings		1,125,139	51	1,111,292	53
Other equity interest						
3500	Treasury stock	6(12)	(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 accompanying notes are an integral part of these financial statements.

Chairman:
Chao Hsi-Cheng



Manager:
Lin Hong-Pei



Accounting Manager:
Lo Chia-Ling



YUAN High-Tech Development Co., Ltd.
Statements of Comprehensive Income
for the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars,
except for earnings per share)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(15)	\$ 1,180,609	100	\$ 1,372,773	100
5000 Operating costs	6(4)	(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	6(10)(19)				
6100 Selling expenses		(61,324)	(5)	(51,297)	(4)
6200 General and administrative expenses		(101,579)	(9)	(111,384)	(8)
6300 Research and development expenses		(172,226)	(15)	(157,570)	(11)
6450 Expected credit (loss) gain	12(2)	(1,010)	-	2,513	-
6000 Total operating expenses		<u>(336,139)</u>	<u>(29)</u>	<u>(317,738)</u>	<u>(23)</u>
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	6(16)	4,361	-	1,438	-
7010 Other income	6(17)	18,800	2	18,275	1
7020 Other gains and losses	6(18)	(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 expense	6(21)	(58,809)	(5)	(68,451)	(5)
8200 Net income for the year		<u>\$ 201,538</u>	<u>17</u>	<u>\$ 314,304</u>	<u>23</u>
8311 Remeasurement of defined benefit plans	6(10)	(\$ 6,067)	-	\$ 4,135	-
8349 Income tax related to components of other comprehensive income (loss)	6(21)	<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 year		<u>\$ 196,684</u>	<u>17</u>	<u>\$ 317,612</u>	<u>23</u>
Earnings per share (in New Taiwan dollars)	6(22)				
9750 Basic earnings per share		<u>\$ 5.07</u>	<u>5.07</u>	<u>\$ 7.91</u>	<u>7.91</u>
9850 Diluted earnings per share		<u>\$ 5.06</u>	<u>5.06</u>	<u>\$ 7.88</u>	<u>7.88</u>

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

Chairman:
Chao Hsi-Cheng



Manager:
Lin Hong-Pei



Accounting Manager:
Lo Chia-Ling




YUAN High-Tech Development Co., Ltd.
Statements of Changes in Equity
for the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Note	Share capital - common stock	Capital reserve	Retained earnings		Treasury stock	Total equity
			Legal reserve	Unappropriated retained earnings		
<u>2022</u>						
Balance as of January 1, 2022	\$ 403,559	\$ 793	\$ 244,090	\$ 1,031,012	(\$ 38,296)	\$ 1,641,158
Net income	-	-	-	314,304	-	314,304
Other comprehensive income	-	-	-	3,308	-	3,308
Total comprehensive income	-	-	-	317,612	-	317,612
Allocation and distribution of 6(14) earnings for 2021:						
Legal 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 income	-	-	-	201,538	-	201,538
Other comprehensive income	-	-	-	(4,854)	-	(4,854)
Total comprehensive income	-	-	-	196,684	-	196,684
Allocation and distribution of 6(14) earnings for 2022:						
Legal 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 accompanying notes are an integral part of these financial statements.

Chairman: Chao Hsi-Cheng




Manager: Lin Hong-Pei



Accounting Manager: Lo Chia-Ling




YUAN High-Tech Development Co., Ltd.
Statements of Cash Flows
for the Years Ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	Note	Year ended December 31, 2023	Year ended December 31, 2022
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 260,347	\$ 382,755
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(8)(19)	19,416	21,136
Amortization	6(19)	3,624	3,657
Provision (reversal of allowance) for doubtful accounts	12(2)	1,010	(2,513)
Interest income	6(16)	(4,361)	(1,438)
Gain on disposal of property, plant and equipment	6(18)	(10)	-
Interest expense		364	373
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in notes receivable		3,552	6,068
(Increase) decrease in accounts receivable		(10,101)	34,298
(Increase) decrease in inventory		(37,636)	22,538
(Increase) decrease in other current assets		(22,902)	55,747
Increase in other non-current assets		(4,415)	(13,547)
Changes in operating liabilities			
Decrease in contractual 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)
(Decrease) increase in provision for liabilities		(5,139)	952
Increase in other non-current liabilities		-	3,360
Cash flows generated from operations		273,786	452,937
Interest collected		4,361	1,438
Interest paid		(364)	(373)
Income tax paid		(44,925)	(58,297)
Net cash flow generated from operating activities		232,858	395,705
<u>Cash flows from investing activities</u>			
Property, plant and equipment	6(5)	(560)	(2,571)
Proceeds from disposal of property, plant and equipment		10	-
Acquisition of intangible assets		(3,782)	(4,682)
Increase in refundable deposits		(33)	(302)
Net cash flow used in investing activities		(4,365)	(7,555)
<u>Cash flows from financing activities</u>			
Repayment of lease principal	6(23)	(15,064)	(13,600)
Increase in refundable deposits		23	2,042
Cash dividends	6(14)	(151,076)	(198,785)
Net cash flow used in financing activities		(166,117)	(210,343)
Increase in cash and cash equivalents		62,376	177,807
Cash and cash equivalents at beginning of period		456,030	278,223
Cash and cash equivalents at end of period		\$ 518,406	\$ 456,030

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

Chairman: 
Chao Hsi-Cheng

Manager: 
Lin Hong-Pei

Accounting Manager: 
Lo Chia-Ling

(V) Articles of Incorporation

YUAN High-Tech Development Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

- Article I: The Company is incorporated in accordance the Company Act and is named YUAN High-Tech Development Co., Ltd.
- Article II: The scope of business engaged in by the Company is listed as follows:
- I. CC01080 Electronic Parts and Components Manufacturing.
 - II. CC01110 Manufacturing of Computers and its Peripherals.
 - III. F113050 Wholesale of Computing and Business Machinery Equipment.
 - IV. F113070 Wholesale of Telecommunications Equipment.
 - V. F119010 Wholesale of Electronic Materials.
 - VI. F213030 Retail of Computer and Transactional Equipment.
 - VII. F213060 Retail of Telecommunications Equipment.
 - VIII. F219010 Retail of Electronic Materials.
 - IX. F401010 International Trade.
 - X. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
 - XI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article III: The total amount of the Company's nvestments shall not be subject to the 40 percent limit on paid-in capital, and the Company may provide guarantees for others.
- Article IV: The Company shall set up its head office in Taipei City, and may set up branches domestically and abroad by resolution of the Board of Directors when necessary.
- Article V: The Company shall make announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article VI: The total capital of the Company is set at NT\$ 800,000,000, which is divided into 80,000,000 shares at a par value of NT\$10 per share. The Board of Directors shall be authorized to issue new shares in installments where necessary.
- The maximum amount of NT\$40,355,944 within the total capital mentioned in the preceding paragraph shall be retained for the issuance of employee stock options for a total of 4,035,594 shares at a par value of

NT\$10 per share, which may be issued in installments according to the resolution of the Board of Directors.

Article VI-1: If the Company intends to issue employee stock options at a price lower than the closing price of the Company's common shares on the date of issuance, the employee stock options may only be issued upon a resolution adopted by at least two-thirds of the shareholders present at the shareholders' meeting, who represent a majority of the total number of issued shares.

If the Company intends to transfers shares to employees at a price lower than the average price of the repurchased shares, the Company shall, prior to the transfer of shares, obtain approval from at least two-thirds of the shareholders present at the most recent shareholders' meeting, who represent a majority of the total number of issued shares.

Article VII: The Company's shares shall be issued, with the signature or stamp of the directors representing the Company affixed to them, in non-bearer form by the competent authority or the issuing agency it authorizes. Alternatively, the Company may issue shares without printing share certificates, but shall contact the centralized securities depository for the registration of shares.

Article VIII: Transfer of shares shall not be made within 60 days prior to an annual general meeting, within 30 days prior to an extraordinary meeting or within 5 days prior to the date on which the Company decides to distribute dividends and bonuses or other benefits.

Article VIII-1: Unless otherwise provided by the Company Act or securities-related rules and regulations, the Company's shareholders services shall be governed by the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter 3 Shareholders' Meetings

Article IX: The Company's shareholders' meetings are divided into two types: annual general meetings, which are convened annually within six months after the end of each fiscal year, and extraordinary meetings, which are called when necessary in accordance with the law.

The Company may convene a shareholders' meeting via video conferencing or other means announced by the central competent authority. The Company shall be subject to the applicable rules and regulations concerning the conditions to be met, the operating procedures, and the matters to be complied with when convening a shareholders' meeting via video conferencing.

Article X: Any shareholder who is unable to attend a shareholders' meeting in person for any reason may issue a proxy form prepared and printed by the Company that sets out the scope of authorization for the proxy, with the shareholder's signature or stamp affixed to the form, and appoint a proxy to attend the meeting on his/her behalf. The use of proxy form shall be administered in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority, unless otherwise provided by the Company Act.

Article XI: Each shareholder of the Company is entitled to one vote per share, except for those who are subject to the restrictions or circumstances stipulated in Article 179, Paragraph 2 of the Company Act.

Article XII: Unless otherwise provided by the Company Act, the resolutions of a shareholders' meeting shall be adopted by a majority of the shareholders present at the shareholders' meeting, who represent a majority of the total number of issued shares.

Chapter 4 Directors and the Audit Committee

Article XIII: The Company has five to nine directors, two supervisors, who shall be elected using the candidate nomination system, in which shareholders elect directors from a list of director candidates. Each director shall hold office for a three-year term and is eligible for re-election. Among the aforesaid directors, the Company shall also appoint independent directors, where the number of independent directors shall be no less than three people and one-fifth of the total number of directors.

The Company shall set up the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, which is fully composed of independent directors. The Audit Committee shall be responsible for exercising the functions and powers of a supervisor as provided by the Company Act, the Securities and Exchange Act, as well as other laws and regulations.

Article XIV: The Board of Directors shall be formed by the directors. The Chairman shall be elected from among the directors with the approval of more than half the directors present at a meeting attended by at least two-thirds of all the directors. One of the directors may be elected as Vice Chairman in the same manner. The Chairman shall represent the Company in the outside world, and serve as the chair in shareholders' meetings and Board of Directors' meetings.

Article XV: In the event that the Chairman, Vice Chairman, or directors are on leave or unable to exercise their powers for any reason, an acting chair shall be appointed in accordance with Article 208 and Article 205 of the

Company Act. If a Board of Directors' meeting is convened via video conferencing, directors who participate through video conferencing shall be deemed to have attended the meeting in person.

When a Board of Directors' meeting is to be convened, a notice stating the reason for convening the meeting shall be sent to each director at least seven days prior to the meeting. In the event of an emergency, a Board of Directors' meeting may be convened at any time.

The notice regarding the convening of the meeting as mentioned in the preceding paragraph may be delivered via fax or email.

Article XV-1: The Board of Directors shall be authorized to determine directors' remuneration based on the level of their participation in the Company's operations and the value of their contributions. The Company may purchase liability insurance for all directors.

Chapter 5 Managers

Article XVI: The Company may have one president, whose appointment, dismissal and compensation shall be governed by Article 29 of the Company Act.

Article XVII: At the end of each fiscal year, the Company's Board of Directors shall prepare various statements, including (1) a business report, (2) financial statements, and (3) an earnings distribution or loss recovery proposal, deliver them to the Audit Committee for review 30 days prior to an annual general meeting, and then submit them to the shareholders' meeting for adoption in accordance with the law.

Article XVIII: If there remains a surplus after making up for losses based on the Company's profit position for the current year (i.e., pre-tax net profit before deducting employee remuneration and director remuneration), the Company shall allocate no less than 2 percent and no more than 2 percent of the remaining profit as employee remuneration and director remuneration, respectively.

Article XVIII-1: If the Company reports a surplus in the final accounts for the year, the Company shall first use the profit to pay taxes and make up for any cumulative loss before setting aside 10 percent of the remaining profit as legal reserve; however, this provision shall not apply if the legal reserve has reached the Company's paid-in capital. In addition, the Company shall set aside a special reserve or reverse its special reserve as required by law or the competent authority. If there remains a surplus, the remaining profit shall be merged with any unappropriated earnings at the beginning of the year, and the Board of Directors shall submit an earnings distribution proposal. Any distribution of earnings via the issuance of new shares shall require a resolution adopted by the shareholders' meeting.

If the Company distributes dividends and bonuses or its legal reserve and capital reserve, in whole or in part, in the form of cash, the Board of Directors shall be authorized to carry out the aforesaid distributions upon approval by more than half the directors present at a meeting attended by at least two-thirds of all the directors, and report them to the shareholders' meeting.

Article XIX: The Company may distribute dividends, in whole and in part, in the form of cash. Specifically, stock dividends shall not exceed 90 percent of the total dividends to be distributed for the current year.

Chapter 6 Supplemental Provisions

Article XX: Any matters not covered in these Articles of Incorporation shall be governed by the provisions of the Company Act.

Article XXI: These Articles of Incorporated were established on September 22, 1990. The first amendment was made on June 1, 1991. The second amendment was made on June 1, 1992. The third amendment was made on June 8, 1994. The fourth amendment was made on August 5, 1995. The fifth amendment was made on March 15, 1996. The sixth amendment was made on June 7, 1997. The seventh amendment was made on March 10, 1998. The eighth amendment was made on June 12, 1998. The ninth amendment was made on October 20, 1998. The 10th amendment was made on April 14, 2000. The 11th amendment was made on June 7, 2001. The 12th amendment was made on August 29, 2001. The 13th amendment was made on June 14, 2002. The 14th amendment was made on May 18, 2004. The 15th amendment was made on June 14, 2005. The 16th amendment was made on June 9, 2006. The 17th amendment was made on June 13, 2007. The 18th amendment was made on June 13, 2008. The 19th amendment was made on June 19, 2009. The 20th amendment was made on June 25, 2010. The 21st amendment was made on June 10, 2011. The 22nd amendment was made on June 18, 2012. The 23rd amendment was made on June 18, 2013. The 24th amendment was made on June 23, 2015. The 25th amendment was made on June 14, 2016. The 26th amendment was made on June 12, 2019. The 27th amendment was on June 8, 2020. The 28th amendment was made on July 20, 2021. The 29th amendment was made on June 14, 2022.

YUAN High-Tech Development Co., Ltd.

Chairman: Chao Hsi-Cheng



(VI) Rules of Procedure for Shareholders' Meetings

YUAN High-Tech Development Co., Ltd.

Rules of Procedure for Shareholders' Meetings

- Article I: Unless otherwise provided by laws and regulations as well as the Company's Articles of Incorporation, the rules of procedure for shareholders' meetings at the Company shall be governed by these Rules.
- Article II: The Company shall prepare an attendance book for the attending shareholders to sign in, or the attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated in the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised in writing or via electronic means.
- Article III: Votes cast at a shareholders' meeting shall be calculated based on the number of shares.
- Article IV: A shareholders' meeting shall be held at the premise of the Company or a location that is convenient for shareholders and suitable for convening a shareholders' meeting. A shareholders' meeting may begin no earlier than 9.00 a.m. or no later than 3.00 p.m. Independent directors shall be fully consulted on the location and time for convening a shareholders' meeting.
- Article V: When the Board of Directors convenes a shareholders' meeting, the meeting shall be chaired by the Chairman. If the Chairman is on leave or unable to exercise his/her functions and powers for any reason, the Vice Chairman shall serve as an acting chair. If there is no Vice Chairman or the Vice Chairman is on leave or unable to exercise his/her functions and powers for any reason, the Chairman shall designate a managing director as an acting chair. If there is no managing director, the Chairman shall designate a director as an acting chair. If the Chairman does not designate anyone as an acting chair, the managing directors or directors shall appoint an acting chair from among themselves.
- When a managing director or director is designated as an acting chair as mentioned in the preceding paragraph, the managing director or director shall one who has held office for at least six months and understands the Company's financial and business conditions. The foregoing shall apply if the representative of a corporate director is designated as an acting chair.

If a shareholders' meeting is convened by a party other than the Board of Directors, the meeting shall be chaired by the convening party. When there are two or more convening parties, a chair shall be appointed from among themselves.

Article VI: The Company may appoint its attorneys, certified public accountants or related persons to sit in on a shareholders' meeting.

Personnel who arrange for the shareholders' meeting shall put on an identification card or an armband.

Article VII: The Company, beginning from the time it opens for registration of shareholder attendance, shall make an uninterrupted audiovisual recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote-counting procedures.

The aforesaid audiovisual recording shall be retained for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article VIII: The chair shall call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting shares and the number of shares represented by the shareholders present at the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent at least one-third of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act. Each shareholder shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When the attending shareholders represent a majority of the total number of issued shares prior to conclusion of the meeting, the chair may resubmit the tentative resolution for a vote at the shareholders' meeting in accordance with Article 174 of the Company Act.

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

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda as set forth in the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures with approval from a majority of the votes represented by the shareholders present at the meeting, and then continue the meeting.

After the meeting is adjourned, shareholders may not elect a chair to continue the meeting at the same location or another location.

Article X: Before speaking, a shareholder present must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be determined by the chair.

An attending shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the shareholder's speech does not correspond to the subject provided on the speaker's slip, the content of his/her speech shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder who has the floor. The chair shall interrupt any such infringement.

Article XI: Unless a consent is given by the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes.

If the shareholder's speech violates the aforesaid rules or exceeds the scope of the agenda item, the chair may terminate his/her speech.

Article XII: When a legal person is appointed to attend the shareholders' meeting as a proxy, the legal person may designate only one representative to attend the meeting on its behalf.

When a government organization or a legal person is a shareholder, the attending shareholder may have more than one representative attend the shareholders' meeting.

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

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

Article XIV: During the meeting, the chair shall give ample opportunity to explain and discuss proposals, amendments or extempore motions put forward by shareholders. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- Article XV: Vote-monitoring and vote-counting personnel shall be designated by the chair; however, all vote-monitoring personnel have to be shareholders of the Company. Vote counting for proposals or elections at a shareholders' meeting shall be conducted in public at the location of the shareholders' meeting. Immediately after vote counting has been completed, the voting results, including the numbers of votes counted, shall be announced on-site at the meeting, with a record made of the voting results.
- Article XVI: When a meeting is in progress, the chair may announce a break at his/her discretion based on time considerations.
- Article XVII: Unless otherwise provided by the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the shareholders present at the meeting.
- When voting on each proposal, the chair or the person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders before putting the proposal to a vote by the shareholders. After the conclusion of the shareholders' meeting, the voting results for each proposal, including the number of votes for and against the proposal and the number of abstentions, shall be keyed into the Market Observation Post System.
- Article XVIII: In the event of an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal along with the original proposal and decide on the order in which these proposals are put to a vote. When any of these proposals are approved, the other proposal shall be deemed to be rejected, and no further voting shall be required.
- Article XIX: The chair may direct the picketers (or security personnel) to help maintain order at the meeting location. The picketers (or security personnel) shall put on an armband bearing the word "Picketor" when helping to maintain order at the meeting location.
- Article XX: Any matters not stipulated in these Rules shall be governed by other relevant laws and regulations, as well as the Company's Articles of Incorporation.
- Article XXI: These Rules shall take effect upon approval by the shareholders meeting. The foregoing shall also apply to any amendments thereto.

(VII) Directors' Shareholding Status

YUAN High-Tech Development Co., Ltd.

Directors' Shareholding Status

As of the book closure date for the Annual General Shareholders' Meeting (April 15, 2024), the shareholding status of the Company's directors is detailed as follows:

- I. Details of the minimum number of shares to be held by all directors and the number of shares held by all directors as recorded in the shareholder register

Title	Number of shares to be held	Number of registered shares as recorded in the shareholder register
Director	3,600,000 (Note)	10,937,634

- II. Details of the number of shares held by individual directors

Title	Name	Number of registered shares as recorded in the shareholder register
Chairman	Chao Hsi-Cheng	0
Vice Chairman	Li Yao-Kuei	500,897
Director	Lin Hong-Pei	0
Director	Wei Sheng Investment Co., Ltd. Representative: Sun Sheng	9,381,321
Director	Chen Li-Min	154,290
Director	Yang Shih-Huai	901,126
Independent Director	Kuo Tung-Lung	0
Independent Director	Lin Hao-Sheng	0
Independent Director	Nien Hsiao-Ching	10,800

Note: The shareholdings of independent directors elected by a public company shall not be included in the calculation of the total number of shares required by law. If a public company has elected two or more independent directors, the shareholding figures calculated based on the shareholding percentage required by law for all directors other than independent directors shall be reduced to 80 percent.