

Stock Code: 5474

YUAN

Yuan High-Tech Development Co., Ltd.

2023 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Convening method: physical shareholders' meeting

Time: 9:00 a.m., June 20th, 2023

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

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2023 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.

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Yuan High-Tech Development Co., Ltd.

Agenda of 2023 Annual Shareholders' Meeting

I. Time: 9:00 a.m., June 20th, 2023

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

III. Chairman's Remarks

IV. Announcements

- (I) 2022 Annual Business Report
- (II) The Audit Committee's Review Report on 2022 Financial Statements
- (III) Report on the Distribution of Remuneration for Employees and Directors in 2022
- (IV) Report on Cash Dividends of Earnings Distribution in 2022
- (V) Report on the Amendments to the "Corporate Governance Best Practice Principles"
- (VI) Report on the Amendments to the "Ethical Corporate Management Best Practice Principles"
- (VII) Report on the Amendments to the "Guidelines for the Adoption of Codes of Ethical Conduct"

V. Proposals

- (I) 2022 Proposed Annual Operating Report and Financial Statements
- (II) The Company's 2022 Earnings Distribution Proposal

VI. Extempore Motions

VII. Adjournment

Announcements

Proposal 1

Summary: The operating business report for 2022.

Explanation: The operating business report for 2022 (Please refer to P. 32-38 of this manual)

Proposal 2

Summary: The Audit Committee's review report on 2022 financial statements.

Explanation: Audit Committee Review Report (Please refer to P.39 of this manual)

Proposal 3

Summary: Report on Directors' Remuneration and Employees' Remuneration Distribution for 2022.

Explanation: In accordance with Article 18 of the Articles of Association of the Company, NT \$7,974,078 of directors' remuneration and NT \$7,974,078 of employees' remuneration are all paid in cash, and there is no difference from the amount of expenses recognized in 2022.

Proposal 4

Summary: Report on cash dividends of earnings distribution in 2022.

Explanation: I. In accordance with the Article 18-1 of the Company's bylaw, the authorized board of directors resolved to distribute all or part of the dividends and bonuses in the form of cash.

II. Appropriation of NT \$151,076,387 for shareholders' bonus and distribution of cash dividend of NT \$3.8 per share (i.e., distribution of NT \$3,800 per thousand shares). The calculation of the cash dividend distribution is up to discrete number, and the amount below it is rounded off, the total amount of the extraordinary zero amount is allocated in the other income of the Company.

III. The business is already approved by resolution of the board of directors and authorizes the board of directors or the chairman to set the distribution date of dividends, the payment date and other relevant matters. The Board of Directors is authorized to make adjustments in the event of a change in the shareholders'

dividend ratio as a result of an alteration in the law or an adjustment in the competent authority or a change in the number of outstanding shares as a result of the repurchase, cancellation, issuance of new shares or other changes affecting the Company.

Proposal 5

Summary: Report on the amendments to the "Corporate Governance Best Practice Principles".

Explanation: In conjunction with the establishment of the Audit Committee to replace the functions and powers of the supervisor, the provisions of the "Corporate Governance Best Practice Principles" are revised, and the comparison table of the provisions before and after the revision is as follows:

Yuan High-Tech Development Co., Ltd.

Comparison of the provisions before and after the revision of the "Corporate Governance Best Practice Principles"

Articles	The clause before amendment	The clause after amendment	Explanation
Article II	When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company shall follow the following principles: I. Establish an effective corporate governance structure. II. Protect the rights and interests of shareholders. III. Strengthen the powers of the board of directors. IV. Fulfill the function of <u>supervisors</u> . V. Respect the rights and interests of stakeholders. VI. Enhance information transparency.	When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company shall follow the following principles: I. Establish an effective corporate governance structure. II. Protect the rights and interests of shareholders. III. Strengthen the powers of the board of directors. IV. Fulfill the function of the <u>Audit Committee</u> . V. Respect the rights and interests of stakeholders. VI. Enhance information transparency.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article III	..... The Company shall perform full self-assessments of its internal	..... The Company shall perform full self-assessments of its internal	Cooperate with the establishment

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. <u>The Supervisor</u> shall also attend to and supervise these matters. Directors and <u>supervisors</u> shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees <u>or supervisors</u>, and chief internal auditors, and the convener of the audit committee <u>or supervisors</u> shall report the communications between members of the audit committees <u>or supervisors</u> and chief internal auditors at the shareholders' meeting.</p> <p>.....</p>	<p>control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. <u>Audit Committee</u> shall also attend to and supervise these matters. Directors and <u>Audit Committee</u> shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees, and chief internal auditors, and the convener of the audit committee shall report the communications between members of the audit committees and chief internal auditors at the shareholders' meeting.</p> <p>.....</p>	<p>of the Audit Committee to replace the supervisor's authority</p>
<p>Article III-1</p>	<p>.....</p> <p>III. Assist directors <u>and supervisors</u> in assuming office and pursuing continuing education.</p> <p>IV. Provide directors <u>and supervisors</u> the information required for business execution.</p> <p>V. Assist directors <u>and supervisors</u> in complying with laws and regulations.</p> <p>.....</p>	<p>.....</p> <p>III. Assist directors in assuming office and pursuing continuing education.</p> <p>IV. Providing information required for business execution by directors and supervisors.</p> <p>V. Assisted the directors in complying with laws and regulations.</p> <p>.....</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
Article VI	<p>.....</p> <p>For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee, or at least one <u>supervisor</u>, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	<p>.....</p> <p>For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee, or at least one <u>audit committee member</u>, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article VIII	<p>The Company shall record the minutes of the shareholders' meeting in accordance with the provisions of the Company Law and relevant laws and regulations, and the shareholders' no-objection part of the proposal shall be recorded as "approved by the chairman in consultation with all the shareholders present without objection"; if the shareholders have objections to the proposal and submit them to the voting, the voting method and voting results shall be stated. With respect to the election of directors and <u>supervisors</u>, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or <u>supervisors</u>.</p> <p>.....</p>	<p>The Company shall record the minutes of the shareholders' meeting in accordance with the provisions of the Company Law and relevant laws and regulations, and the shareholders' no-objection part of the proposal shall be recorded as "approved by the chairman in consultation with all the shareholders present without objection"; if the shareholders have objections to the proposal and submit them to the voting, the voting method and voting results shall be stated. With respect to the election of directors and <u>audit committees</u>, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or <u>audit committees</u>.</p> <p>.....</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XI	<p>The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act,</p>	<p>The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>examine the statements and books prepared and submitted by the board of directors and the reports submitted by <u>supervisors</u>, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.</p> <p>.....</p> <p>The board of directors, <u>supervisors</u>, and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.</p>	<p>the statements and books prepared and submitted by the board of directors and the reports submitted by <u>audit committee</u>, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.</p> <p>.....</p> <p>The board of directors, <u>audit committee</u>, and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.</p>	<p>authority</p>
<p>Article XIII</p>	<p>.....</p> <p>A Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, <u>supervisors</u> or managers in performing their duties.</p>	<p>.....</p> <p>A Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, <u>audit committee</u> or managers in performing their duties.</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>
<p>Article XVIII</p>	<p>.....</p> <p>II. Its representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting,</p>	<p>.....</p> <p>II. Its representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's</p>

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or <u>supervisor</u>.</p> <p>III. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or <u>supervisors</u> and shall not act beyond the authority granted by the shareholders meeting or board meeting.</p> <p>.....</p> <p>VI. The representative that is designated when a corporate shareholder has been elected as a director or <u>supervisor</u> shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.</p>	<p>representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or <u>audit committee</u>.</p> <p>III. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or <u>audit committee</u> and shall not act beyond the authority granted by the shareholders meeting or board meeting.</p> <p>.....</p> <p>VI. The representative that is designated when a corporate shareholder has been elected as a director or <u>audit committee</u> shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.</p>	<p>authority</p>
<p>Article XXIV</p>	<p>.....</p> <p>If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, <u>supervisor</u> or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.</p>	<p>.....</p> <p>If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, <u>audit committee</u> or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.</p> <p>.....</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
		
Article XXV	<p>.....</p> <p>III. A matter bearing on the personal interest of a director or a <u>supervisor</u>.</p> <p>.....</p>	<p>.....</p> <p>III. A matter bearing on the personal interest of a director or an <u>audit committee</u>.</p> <p>.....</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XXIX	<p>The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".</p> <p>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 <u>supervisor</u> shall be submitted to the Board of Directors for discussion, to the extent that the remuneration of the <u>supervisor</u> is stipulated in the Articles of Incorporation or authorized by resolution of the Board of Shareholders' Meeting:</p> <p>I. Prescribe and periodically review the performance review and remuneration policy,</p>	<p>The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".</p> <p>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 <u>audit committee</u> shall be submitted to the Board of Directors for discussion, to the extent that the remuneration of the <u>audit committee</u> is stipulated in the Articles of Incorporation or authorized by resolution of the Board of Shareholders' Meeting:</p> <p>I. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>system, standards, and structure for directors, <u>supervisors</u> and managers.</p> <p>II. Periodically evaluate and prescribe the remuneration of directors, <u>supervisors</u>, and managers.</p> <p>When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:</p> <p>I. With respect to the performance assessment and remuneration of directors, <u>supervisors</u> and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.</p> <p>.....</p>	<p>directors, <u>audit committee</u> and managers.</p> <p>II. Periodically evaluate and prescribe the remuneration of directors, <u>audit committee</u>, and managers.</p> <p>When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:</p> <p>I. With respect to the performance assessment and remuneration of directors, <u>audit committee</u> and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.</p> <p>.....</p>	
Article XXX	<p>.....</p> <p>The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the company</p>	<p>.....</p> <p>The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the company establish channels and</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>establish channels and mechanisms of communication between the independent directors, <u>supervisor</u>, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>.....</p>	<p>mechanisms of communication between the independent directors, <u>audit committee</u>, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>.....</p>	
Article XXXI	<p>It is advisable for the Company to appoint a professional and qualified lawyer to provide the Company with appropriate legal advisory services, or to assist the Board of Directors, <u>supervisors</u> and management in improving their legal literacy, avoiding the violation of laws and regulations by the Company and relevant personnel, and promoting the operation of corporate governance under the relevant legal framework and legal procedures.</p> <p>In the event of litigation or disputes with shareholders involving directors, <u>supervisors</u>, or management executing the business according to law, the Company shall, as the case may be, request the assistance of a lawyer.</p>	<p>It is advisable for the Company to appoint a professional and qualified lawyer to provide the Company with appropriate legal advisory services, or to assist the Board of Directors, <u>audit committee</u> and management in improving their legal literacy, avoiding the violation of laws and regulations by the Company and relevant personnel, and promoting the operation of corporate governance under the relevant legal framework and legal procedures.</p> <p>In the event of litigation or disputes with shareholders involving directors, <u>audit committee</u>, or management executing the business according to law, the Company shall, as the case may be, request the assistance of a lawyer.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XXXII	<p>A board of directors shall meet at least quarterly; however, in emergency circumstances, a meeting may be called on shorter notice. The reasons for calling a board of directors meeting shall be notified to each director and <u>supervisor</u> at least seven days in advance, and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting. If a director is of the opinion that materials</p>	<p>A board of directors shall meet at least quarterly; however, in emergency circumstances, a meeting may be called on shorter notice. The reasons for calling a board of directors meeting shall be notified to each director and <u>audit committee</u> at least seven days in advance, and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting. If a director is of the opinion that materials concerning any proposal</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.	are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.	
Article XXXV	..... The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and <u>supervisor</u> within 20 days after the meeting and well preserved as important company records during the existence of the company. .....	..... The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and <u>audit committee</u> within 20 days after the meeting and well preserved as important company records during the existence of the company.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XXXIX	If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of <u>supervisors</u> to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible. Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or <u>supervisors</u> in accordance with the foregoing paragraph.	If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of <u>audit committee</u> to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible. Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or <u>audit committee</u> in accordance with the foregoing paragraph.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XLI	Members of the board of directors are advised to participate in training courses on	Members of the board of directors are advised to participate in training courses on finance, risk	Cooperate with the establishment

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.</p>	<p>management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and <u>Audit Committee</u> of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.</p>	<p>of the Audit Committee to replace the supervisor's authority</p>
<p>Chapter 4 Section 1</p>	<p>Fulfill the function of <u>supervisors</u> Functions of <u>Supervisor</u></p>	<p>Fulfill the function of the <u>audit Committee</u> Functions of <u>Audit Committee</u></p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>
<p>Article XLII</p>	<p>The Company shall stipulate a fair, just, and open procedure for the election of <u>supervisors</u>, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders. The Company shall take into consideration the needs of overall business operations and comply with the rules of the TWSE or TPEX in setting the minimum number of <u>supervisors</u>. The aggregate shareholding percentage of all of the <u>supervisors</u> of the Company shall comply with laws and regulations. Restrictions on share transfers by each <u>supervisor</u> and the creation, release, or changes in pledges of</p>	<p>The Company shall stipulate a fair, just, and open procedure for the election of <u>audit committee</u>, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders. The Company shall take into consideration the needs of overall business operations and comply with the rules of the TWSE or TPEX in setting the minimum number of <u>audit committee</u>. The aggregate shareholding percentage of all of the <u>audit committee</u> of the Company shall comply with laws and regulations. Restrictions on share transfers by each <u>audit committee</u> and the creation, release, or changes in pledges of shares held by each supervisor shall comply with the</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
	shares held by each supervisor shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed.	relevant laws and regulations, and the relevant information shall be fully disclosed.	
Article XLIII	The Company shall, in accordance with the laws and regulations of the competent authority, specify in the articles of association that the election of <u>supervisors</u> shall adopt the candidate nomination system. Before the shareholders' meeting is held for the election of <u>supervisors</u> , it is advisable to conduct a preliminary review on the qualification conditions, academic background and whether there are any circumstances listed in the provisions of Article 30 of the Company Law of the candidates recommended by the shareholders or directors for election to <u>supervisors</u> , and shall not arbitrarily add other qualification documents. The results of the review shall be provided to the shareholders for reference, so as to select the appropriate <u>supervisors</u> .	The Company shall, in accordance with the laws and regulations of the competent authority, specify in the articles of association that the election of the <u>audit committee</u> shall adopt the candidate nomination system. Before the shareholders' meeting is held for the election of the <u>audit committee</u> , it is advisable to conduct a preliminary review on the qualification conditions, academic background and whether there are any circumstances listed in the provisions of Article 30 of the Company Law of the candidates recommended by the shareholders or directors for election to the <u>audit committee</u> , and shall not arbitrarily add other qualification documents. The results of the review shall be provided to the shareholders for reference, so as to select the appropriate <u>members of the audit committee</u> .	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XLIV	Unless otherwise approved by the competent authority, at least one <u>supervisor</u> seat shall have no spousal relationship or familial relationship within the second degree of kinship with another <u>supervisor</u> or a director. The Company is advised to refer to the provisions on independence provided in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and appoint a suitable <u>supervisor</u> to enhance the risk management	Unless otherwise approved by the competent authority, at least one <u>member of the audit committee</u> seat shall have no spousal relationship or familial relationship within the second degree of kinship with another <u>member of the audit committee</u> or a director. The Company is advised to refer to the provisions on independence provided in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and appoint a suitable	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	and financial and operational control of the company. <u>A supervisor</u> will preferably be domiciled within the territory of the ROC to allow timely performance of supervisory functions.	<u>member of the audit committee</u> to enhance the risk management and financial and operational control of the company. <u>The member of the audit committee</u> will preferably be domiciled within the territory of the ROC to allow timely performance of supervisory functions.	
Section 2	<u>Supervisor's Authority and Obligations</u>	Duties and responsibilities of <u>the Audit Committee</u>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XLV	<u>A supervisor</u> shall be familiar with the relevant laws and regulations, shall understand the rights, obligations, and duties of the directors of this Company and the respective functions, duties, and operations of each department. Supervisors shall attend meetings of the board of directors to oversee its operation and to state their opinions when appropriate so as to control or discover any irregularity as early as possible. The Company shall specify the remuneration of <u>the supervisor</u> in the articles of association or by resolution of the shareholders' meeting.	<u>Audit committee</u> shall be familiar with the relevant laws and regulations, shall understand the rights, obligations, and duties of the directors of this Company and the respective functions, duties, and operations of each department. Supervisors shall attend meetings of the board of directors to oversee its operation and to state their opinions when appropriate so as to control or discover any irregularity as early as possible. The Company shall specify the remuneration of <u>the audit committee</u> in the articles of association or by resolution of the shareholders' meeting.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XLVI	<u>The supervisor</u> shall supervise the execution of the company's business and the due diligence of directors and managers, and pay attention to the implementation of the company's internal control system to reduce the company's financial crisis and operational	<u>The audit committee</u> shall supervise the execution of the company's business and the due diligence of directors and managers, and pay attention to the implementation of the company's internal control system to reduce the company's financial crisis and operational risks.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	risks. .....	.....
Article XLVII	<p><u>A supervisor</u> may investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the supervisor's review, transcription or duplication.</p> <p>When reviewing the finance or operations of the company, <u>a supervisor</u> may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations.</p> <p>The board of directors or managers shall submit reports in accordance with the request of the <u>supervisor</u> and shall not for any reason circumvent, obstruct, or refuse the inspection of the <u>supervisor</u>.</p> <p>When a <u>supervisor</u> performs his/her duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the Company.</p>	<p><u>Audit committee</u> may investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the supervisor's review, transcription or duplication.</p> <p>When reviewing the finance or operations of the company, the <u>audit committee</u> may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations.</p> <p>The board of directors or managers shall submit reports in accordance with the request of <u>the audit committee</u> and shall not for any reason circumvent, obstruct, or refuse the inspection of <u>the audit committee</u>.</p> <p>When <u>the audit committee</u> performs his/her duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the Company.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XLVIII	<p>For <u>supervisors</u> to timely discover any possible irregular conduct in the company, the Company shall establish a channel for <u>supervisors</u> to communicate with the employees, shareholders, and stakeholders.</p> <p>Upon discovering any irregular conduct, <u>a supervisor</u> shall take appropriate measures timely to curb the expansion of the</p>	<p>For <u>audit committee</u> to timely discover any possible irregular conduct in the company, the Company shall establish a channel for <u>supervisors</u> to communicate with the employees, shareholders, and stakeholders.</p> <p>Upon discovering any irregular conduct, <u>audit committee</u> shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.</p> <p>When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, <u>supervisors</u> shall investigate the reasons.</p> <p>In the event that the <u>supervisor</u> neglects his/her duties and therefore causes harm to the company, the supervisor shall be liable to the company.</p>	<p>to the relevant regulatory authorities or agencies if necessary.</p> <p>When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, <u>audit committee</u> shall investigate the reasons.</p> <p>In the event that the <u>audit committee</u> neglects his/her duties and therefore causes harm to the company, the audit committee shall be liable to the company.</p>	
Article XLIX	<p>In the exercise of supervisory powers by each respective <u>supervisor</u>, a supervisor that deems it necessary may convene a meeting, in consideration the overall interest of this Company and the shareholders, to exchange opinions with other supervisors, provided that in so doing the independent exercise of powers by other <u>supervisors</u> is not obstructed.</p>	<p>In the exercise of supervisory powers by each respective <u>audit committee</u>, a supervisor that deems it necessary may convene a meeting, in consideration the overall interest of this Company and the shareholders, to exchange opinions with other supervisors, provided that in so doing the independent exercise of powers by other <u>audit committee</u> is not obstructed.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article L	<p>The Company may, in accordance with the Articles of Association or the resolution of the Board of Shareholders, purchase liability insurance for <u>the supervisor</u> during his/her term of office for his/her liability under the law with respect to the scope of business to be performed, in order to reduce and diversify the risk of significant damage to the Company and shareholders caused by <u>the supervisor's</u> wrongful or negligent conduct.</p> <p>After taking out or renewing liability insurance for</p>	<p>The Company may, in accordance with the Articles of Association or the resolution of the Board of Shareholders, purchase liability insurance for <u>audit committee</u> during his/her term of office for his/her liability under the law with respect to the scope of business to be performed, in order to reduce and diversify the risk of significant damage to the Company and shareholders caused by <u>audit committee's</u> wrongful or negligent conduct.</p> <p>After taking out or renewing liability insurance for <u>audit committee</u>, the securities firm is</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	<u>supervisors</u> , the securities firm is advised to report key information about the insurance such as insured amount, coverage and insurance premiums of the liability insurance to the next board of directors' meeting.	advised to report key information about the insurance such as insured amount, coverage and insurance premiums of the liability insurance to the next board of directors' meeting.	
Article LI	<u>Supervisors</u> are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and <u>Supervisors</u> of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.	<u>Audit Committee</u> are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and <u>Audit Committee</u> of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article LX	..... V. Composition, duties and independence of <u>the supervisor</u> . VI. The composition, responsibilities and operations of the Remuneration Committee. VII. Analysis of remuneration paid to directors, <u>supervisors</u> , general managers and deputy general managers in the most recent year, total remuneration as a proportion of net income after tax, remuneration payment policies, standards and portfolios, procedures for setting remuneration and relevance to management performance. In exceptional circumstances, the	..... V. Composition, responsibilities and independence of the <u>Audit Committee</u> . VI. The composition, responsibilities and operations of the <u>Remuneration</u> Committee. VII. Analysis of remuneration paid to directors, <u>audit committee</u> , general managers and deputy general managers in <u>the most recent year</u> , total remuneration as a proportion of net income after tax, remuneration payment policies, standards and portfolios, procedures for setting remuneration and relevance to management performance. In	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	remuneration of individual directors and <u>supervisors</u> shall be disclosed. VIII.Further training of directors and <u>supervisors</u>	exceptional circumstances, the remuneration of individual directors and <u>audit committee</u> shall be disclosed. VIII.Further training of <u>directors</u> and <u>the audit committee</u>	
Article LXIII	This principle was enacted on March 25, 2015; first revised on March 20, 2020.	This principle was enacted on March 25, 2015; first revised on March 20, 2020; <u>second revised on August 2, 2022.</u>	Amendment Added Date

Proposal 6

Subject matter: Report on the amendments to the "Ethical Corporate Management Best Practice Principles"

Explanation: In conjunction with the establishment of the Audit Committee to replace the functions and powers of the supervisor, the provisions of the "Ethical Corporate Management Best Practice Principles" are revised, and the comparison table of the provisions before and after the revision is as follows:

Yuan High-Tech Development Co., Ltd.

Comparison of the provisions before and after the revision of the "Ethical Corporate Management Best Practice Principles"

Articles	The clause before amendment	The clause after amendment	Explanation
Article II	<p>(Prohibition of unethical conduct)</p> <p>When engaging in commercial activities, directors, <u>supervisors</u>, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, <u>supervisors</u>, managers, employees or substantial controllers or other stakeholders.</p>	<p>(Prohibition of unethical conduct)</p> <p>When engaging in commercial activities, directors, <u>audit committee</u>, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, <u>audit committee</u>, managers, employees or substantial controllers or other stakeholders.</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
Article X	<p>(Prohibition of bribery and accept bribes)</p> <p>When conducting business, the Company and their directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>	<p>(Prohibition of bribery and accept bribes)</p> <p>When conducting business, the Company and their directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XI	<p>(Prohibition of illegal political contributions)</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>(Prohibition of illegal political contributions)</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XII	<p>(Prohibition of improper charitable donations or sponsorship)</p> <p>When making or offering donations and sponsorship, the Company and their directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage</p>	<p>(Prohibition of improper charitable donations or sponsorship)</p> <p>When making or offering donations and sponsorship, the Company and their directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	in bribery.	operational procedures, and shall not surreptitiously engage in bribery.	
Article XIII	(Prohibition of unreasonable presents, hospitality or other improper benefits) The Company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	(Prohibition of unreasonable presents, hospitality or other improper benefits) The Company and their directors, <u>audit committee</u> , managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XIV	(Prohibition of infringement of intellectual property rights) The Company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	(Prohibition of infringement of intellectual property rights) The Company and their directors, <u>audit committee</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XVI	(Prevent products or services from damaging the rights of the stakeholders) In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and their directors, <u>supervisors</u> , managers, employees, mandataries, and substantial	(Prevent products or services from damaging the rights of the stakeholders) The Company and its directors, <u>audit committees</u> , managers, employees, assignees and substantive controllers shall, in the process of research and development, procurement, manufacture, provision or sale of	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services.</p> <p>They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</p>	<p>products and services, comply with relevant regulations and international standards, ensure the transparency and security of information on products and services, formulate and disclose its consumer or other stakeholders' rights and interests protection policies, and implement operational activities to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.</p>	
Article XVII	<p>(Organization and Responsibility)</p> <p>The directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>.....</p>	<p>(Organization and Responsibility)</p> <p>The directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>.....</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XVII	<p>(Business Execution Law Compliance)</p> <p>The Company and their directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p>(Business Execution Law Compliance)</p> <p>The Company and their directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XIX	<p>(Recusal of interests)</p> <p>The Company shall adopt policies</p>	<p>(Recusal of interests)</p> <p>The Company shall adopt policies</p>	Cooperate with the

Articles	The clause before amendment	The clause after amendment	Explanation
	<p>for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, <u>audit committee</u>, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>audit committee</u>, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors, <u>audit committee</u>, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for</p>	<p>establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
		themselves, their spouses, parents, children or any other person.	
Article XXII	(Advocacy and Assessment) The Company shall periodically organize training and awareness programs for directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.	(Advocacy and Assessment) The Company shall periodically organize training and awareness programs for directors, <u>audit committee</u> , managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XXV	(Review and Amendment of Ethical Corporate Management Policies and Measures) The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, <u>supervisors</u> , managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	(Review and Amendment of Ethical Corporate Management Policies and Measures) The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, <u>audit committee</u> , managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article XXV	(Implementation) The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to	(Implementation) The Company's principle of Integrity was adopted by the Board of Directors and implemented and submitted to the <u>Audit Committee</u> and the	Cooperate with the establishment of the Audit Committee

Articles	The clause before amendment	The clause after amendment	Explanation
	<p><u>each supervisors</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p><u>If</u> the Company establish an audit committee, the provisions regarding supervisors in these Principles shall apply with the necessary changes to the audit committee.</p> <p>This principle was enacted on March 25, 2015; first revised on March 20, 2020.</p>	<p>Shareholders' Meeting, as amended. When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p>Where the Company has established an Audit Committee, the provisions of this principle for supervisors shall apply with the necessary changes to the Audit Committee.</p> <p>This principle was enacted on March 25, 2015; first revised on March 20, 2020; <u>second revised on August 2, 2022.</u></p>	<p>to replace the supervisor's authority</p>

Principle 7

Summary: Report on the amendments to the "Guidelines for the Adoption of Codes of Ethical Conduct".

Explanation: In conjunction with the establishment of the Audit Committee to replace the functions and powers of the supervisor, the provisions of the "Guidelines for the Adoption of Codes of Ethical Conduct" are revised, and the comparison table of the provisions before and after the revision is as follows:

Yuan High-Tech Development Co., Ltd.
Before and after the revision of Guidelines for the Adoption of Codes of Ethical Conduct

Articles	The clause before amendment	The clause after amendment	Explanation
Article I	(Purpose and Basis) In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>supervisors</u> , and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	(Purpose and Basis) In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>audit committee</u> , and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	Cooperate with the establishment of the Audit Committee to replace the supervisor's authority
Article VIII	Encouraging reporting on illegal or unethical activities) The company shall raise awareness of ethics internally and encourage employees to report to a company	Encouraging reporting on illegal or unethical activities) The company shall raise awareness of ethics internally and encourage employees to report to a company	Cooperate with the establishment of the Audit

Articles	The clause before amendment	The clause after amendment	Explanation
	<p><u>supervisor</u>, manager, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. and provide sufficient information to enable the Company to properly handle the aftermath. The Company shall properly handle the above-mentioned reported information in a confidential and responsible manner, and will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p><u>audit committee</u>, manager, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. and provide sufficient information to enable the Company to properly handle the aftermath. The Company shall properly handle the above-mentioned reported information in a confidential and responsible manner, and will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Committee to replace the supervisor's authority</p>
<p>Article IX</p>	<p>(Disciplinary measures)</p> <p>Any violation of these Standards by an officer of the Company shall be punished in accordance with the relevant provisions, depending on the severity of the circumstances; the same shall apply to any department head who knowingly fails to rectify or fails to comply with the provisions of the Company. When a director, <u>supervisor</u> or manager violates this Code of Conduct, it shall be dealt with in accordance with relevant regulations, and the title, name, date of violation, cause of violation, violation of the Code of Ethical Conduct and other information shall be disclosed immediately at a public information observatory in accordance with laws and regulations.</p> <p>.....</p>	<p>(Disciplinary measures)</p> <p>Any violation of these Standards by an officer of the Company shall be punished in accordance with the relevant provisions, depending on the severity of the circumstances; the same shall apply to any department head who knowingly fails to rectify or fails to comply with the provisions of the Company. When a director, <u>audit committee</u> or manager violates this Code of Conduct, it shall be dealt with in accordance with relevant regulations, and the title, name, date of violation, cause of violation, violation of the Code of Ethical Conduct and other information shall be disclosed immediately at a public information observatory in accordance with laws and regulations.</p> <p>.....</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Articles	The clause before amendment	The clause after amendment	Explanation
Article X	<p>(Procedures for exemption)</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors, <u>supervisors</u>, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>(Procedures for exemption)</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors, <u>audit committee</u>, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>
Article XII	<p>(Implementation)</p> <p>A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to <u>each supervisor</u>, and submitted to a shareholders meeting. These Guidelines are promulgated on March 25, 2015.</p>	<p>(Implementation)</p> <p>A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to <u>audit committee</u>, and submitted to a shareholders meeting. This principle was enacted on March 25, 2015; <u>first revised on August 2, 2022</u>.</p>	<p>Cooperate with the establishment of the Audit Committee to replace the supervisor's authority</p>

Proposals

First case (proposed by the Board of Directors)

Summary: The operating business report and financial statements for 2022, requested for approval.

Explanation: The financial statements and the operating report of the Company for 2022 have been verified and certified by Feng, Min-Juan and Xu, Yong-Jian accountants of PwC, in addition have been passed by the board of directors and reviewed by the audit committee. (Please refer to P.20-24 and P.26-33 of this manual for the aforementioned reports)

Resolution:

Second case (proposed by the Board of Directors)

Summary: 2022 Annual Disposition of net income plan, requested for approval.

Explanation: The Company's net profit after tax for 2021 is NT \$314,304,608, with earnings proposed. The distribution statement is as follows:

Yuan High-Tech Development Co., Ltd.
Statement of disposition of net income for 2022

(Unit: NT\$)

Item	Amount
Beginning balance of retained earnings	793,677,661
Add: The adjustment of retained earnings in 2022	3,307,726
Unappropriated retained earnings after adjustment	796,985,387
Add: Net profit after tax for the current year	314,304,608
Less: Legal reserve	(31,761,233)
Earnings available for distribution for the period	1,079,528,762
Less: cash dividend distributed to shareholders (NT\$3.8 per share)	(151,076,387)
Unappropriated retained earnings at the end of period	928,452,375

Chairman:

Managerial Personnel:

Accounting Supervisor:

Resolution:

Extempore Motions

Adjournment

(I) 2022 Annual Business Report**I. Business results for the year of 2022****(I) Implementation outcome of Business Plan**

The net operating income of the Company for year 2022 was NT\$ 1,372,773,000, a decrease of NT\$ 419,666,000, or 23.41% as compared with year 2021. The net profit after tax for the year 2022 was NT\$314,304,000, a decrease of 18.17% as compared with year 2021.

(II) Details of budget execution: Not applicable**(III) Financial income and expenses and profitability analysis**

Item		2021	2022	
Financial Income and Expenditure	Non-Operating Income (in thousands)	9,952	45,053	
	Non-Operating Expenses (in thousands)	9,966	2,828	
Profitability	Return on assets (%)	17.59	15.13	
	Return on shareholders' equity (%)	24.29	18.48	
	Percentage of paid-in capital (%)	Operating profit	120.03	84.38
		Net income before tax	120.03	94.84
	Net income ratio (%)	21.43	22.90	
Earnings per share (NT\$)	9.66	7.91		

(IV) Status of Research and Development:**1. Technology and Development Overview**

YUAN High-Tech (Listing Stock Code: 5474) was established in 1990 and is headquartered in Taiwan. It 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 video integration with artificial intelligence embedded.

Based on the experience and expertise accumulated over the years, the R&D Team has developed in various fields including hardware, drivers, firmwares, FPGA and SDK. The Company is able to vertically integrate various different hardware modules and software components, and combine the highly proprietary FPGA technology and research and development application strength of the Company by using the hardware components supplied by the chip suppliers, to further maximize commercial benefits by providing immediate response and product development and design improvement

targeted to the needs of the market and customers. On the other hand, the Company also continued to invest a large amount of resources in the enhancement of product production technology to reach the market niches and distinguish itself from the competitors with the widest and diverse range of products. Through the continuous evolution of products, the Company responded to market changes and satisfied customer needs.

In recent years, due to the growing influence of COVID-19 on the world, 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. In this context, Satellite Technology continues to develop and expand its high, medium and low product lines to meet the diverse needs of customers. 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 is planning to develop 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. Various industries have begun to link automation through image capture products and artificial intelligence. Many widespread applications of smart cities and factory automation are also indispensable for high-quality image capture systems. In recent years, the Company has actively invested in the development of imaging AI-related technology. It is expected that by combining the customer base and

experience on audio-visual software technology accumulated over the years, it could help the existing image capture card customer base, to integrate with artificial intelligence technology seamlessly, and to introduce learning functions into the application of embedded system on chip (SoC: System on a Chip), to increase product value and the scope of image service coverage, including intelligent transportation, medical image recognition, facial recognition, customer flow analysis, behavior 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 the real AI technology landing. At present, our AI technology has landed cases all over Taiwan.

At the end of 2022, 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. Technology or product successfully developed by the Company in year 2022

The technologies or products successfully developed during the year are as follows:

- A. HDMI20 and SDVoE Transceiver: HDMI2.0/SDVoE Two-way Video Converter Box
- B. HDMI20 to SDVOE V2: HDMI2.0/SDVoE Video Converter Box
- C. SC6E0 N1 AIO Lite: HDMI/SDI Live Webcast Video Editor/Decoder
- D. SC400 N1 full: 1 HDMI/SDI/analog signal HD video capture card
- E. SC400 N1 MC HDV: Mini PCIe interface 1 channel HDMI/VGA/YPbPr HD video capture card
- F. SC400 N1L AIO: 1-channel HDMI/SDI/analog signal HD semi-high video capture card
- G. SC400 N1L HDAV: 1-channel HDMI/CVBS/S-Video high-definition semi-high-definition video capture card

- H. SC410 N2L SDI: 2-channel SDI 4K semi-high video capture card
- I. SC410 N2L SDI: 2-channel SDI 4K semi-high video capture card
- J. SC410 N4 SDI: 4-channel SDI 4K video capture card
- K. SC420 N16-X4 TVI: PCIe × 4 interface 16-channel TVI analog HD video capture card
- L. SC710 N1L 12g SDI + HDMI20: 1 channel HDMI2.0/12G-SDI 4K semi-high video capture card
- M. SC710 N2 12g SDI: 2-channel 12g-SDI 4K video capture card
- N. SC720 N4 SDVOE AVP C: 4-channel SDVoE 4K video capture card
- O. SC720 N4 SDVOE AVP F: 4-channel SDVoE fiber 4K video capture card
- P. Stream to HDMI: HDMI streaming video decoder
- Q. UB575G HDMI: USB UVC interface HDMI HD video capture card

II. Summary of Business Plan for Year 2023

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 sales and marketing force, and provide industrial solutions to provide software and hardware integration systems to provide more competitive products and services. 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 2022, related products and equipment also bring great impact on the market and consumers.

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. Strategies for Future Development

Leading the Future of Ultra-High-Resolution Extraction

In order to meet the market demand for high-speed image display, 2022 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 2022. 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 Jetson 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

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

With the diversification of market demand and the continuous development of technology gradually mature, high-resolution digital surveillance security has become a significant development trend, in order to meet the needs of various applications, from the front end to the back end of the overall system came into being. 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, and is committed to leading the security industry to a higher level of development.

IV. The Effects of External Competition, Regulatory and Overall Business Environment

- Application of Image Technology in Edge Embedded Devices

Edge computing Embedded computers have limited computing power and may not be able to handle image processing tasks that require a lot of computing. If the algorithm for processing images is too complex, it may lead to excessive energy consumption or poor heat dissipation, which may affect the stability and life of the system, and at the same time consider the need to transfer a large amount of image data from the camera or memory to the embedded computer for processing. This requires handling issues such as high-speed data transfer, data compression and storage to avoid inaccurate image analysis results due to data loss or transmission delays.

Therefore, in the edge computing embedded computer 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.

- 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., 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.

Chairman: Chao, Hsi-Cheng

General Manager: Hong-Pei Lin

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 presents the Company's Business Report, Financial Statements and Proposal on Earnings Distribution for year 2022. Among them, the Financial Statements of the Company were audited by Certified Public Accountant Feng, Min-Juan and Certified Public Accountant Xu, Yong-Jian of PricewaterhouseCoopers, and the audit report was issued. The above business reports, financial statements and profit distribution proposals have been reviewed and completed by the Audit Committee, and it is considered that there are no inconsistencies. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act, this report is hereby reported.

To:

YUAN High-Tech Development Co., Ltd. - 2023 Ordinary Annual Shareholders' Meeting

Convener of the Audit Committee

Guo, Dong-Long

March 8, 2023

(III) CPA's Audit Report

(112) Cai-Shen-Bao-Zi No. 22004751

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

Opinions

The Balance Sheet as of December 31, 2022 and 2021, the Comprehensive Income Statement, the Statement of Changes in Equity and Cash Flow Statement for the period from January 1 to December 31, 2022 and 2021, 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, IFRIC Interpretations, and SIC Interpretations, with a fair presentation of the financial position as of December 31, 2022 and 2021, the financial performance and the cash flows for the period from January 1 to March 31, 2022 and 2021 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 2022 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 2022 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 (XXV), for accounting items of operating revenue and its explanations, please refer to Note VI (XV), and the amount of 2022 operating revenue is NT\$1,372,773.

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:

1. Understand the business model of YUAN Company and evaluate the rationality of its cycle system of operating revenue.
2. 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.
3. 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, 2022 is NT \$392,548,000 and NT \$39,255,000, 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.
2. 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.

3. 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 supervisor) 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.
4. 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.

5. 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 2022 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 8, 2023

(IV) 2022 Annual Financial Statement

YUAN High-Tech Development Co., Ltd.

Balance Sheet

December 31, 2021 and 2022

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 456,030	21	\$ 278,223	14
1150	Net notes receivable	VI(II)	3,552	-	9,620	-
1170	Net accounts receivable	VI(II)(III)	84	-	31,869	2
130X	Inventories	VI(IV)	353,293	17	375,831	18
1470	Other current assets	VI(III)	122,981	6	178,728	9
11XX	Total current assets		<u>935,940</u>	<u>44</u>	<u>874,271</u>	<u>43</u>
Non-current assets						
1600	Property, plant and equipment	VI(V)	11,252	1	1,092,552	54
1755	Right-of-use assets	VI(VI)	19,352	1	17,086	1
1760	Net amount of investment properties	VI(VIII) & VIII	1,101,006	52	22,309	1
1780	Intangible assets		4,108	-	3,083	-
1840	Deferred income tax assets	VI(XXI)	25,179	1	29,412	1
1900	Other non-current assets	VI(X)	17,810	1	3,963	-
15XX	Total non-current assets		<u>1,178,707</u>	<u>56</u>	<u>1,168,405</u>	<u>57</u>
1XXX	Total assets		<u>\$ 2,114,647</u>	<u>100</u>	<u>\$ 2,042,676</u>	<u>100</u>

YUAN High-Tech Development Co., Ltd.

Balance Sheet

December 31, 2021 and 2022

<u>Liabilities and equity</u>		<u>Note</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities						
Current liabilities						
2130	Contract liabilities - current	VI(XV)	\$ 28,498	1	\$ 43,153	2
2150	Notes payable		29,665	1	53,596	3
2170	Accounts payable		56,197	3	74,330	4
2200	Other payables	VI(IX)	97,404	5	99,250	5
2230	Current tax liabilities		50,943	2	45,382	2
2250	Liability provision - current	VI(XI)	23,424	1	23,110	1
2280	Lease liabilities - current		14,572	1	9,371	-
2300	Other current liabilities		1,699	-	3,583	-
21XX	Total current liabilities		<u>302,402</u>	<u>14</u>	<u>351,775</u>	<u>17</u>
Non-current liabilities						
2550	Liability provision - non-current	VI(XI)	43,799	2	43,161	2
2570	Deferred income tax liabilities	VI(XXI)	1,186	-	-	-
2580	Lease liabilities - non-current		4,889	1	5,462	1
2600	Other non-current liabilities		2,386	-	1,120	-
25XX	Total non-current liabilities		<u>52,260</u>	<u>3</u>	<u>49,743</u>	<u>3</u>
2XXX	Total liabilities		<u>354,662</u>	<u>17</u>	<u>401,518</u>	<u>20</u>
Equity						
Share capital VI(XII)						
3110	Share capital of common stock		403,559	19	403,559	20
Capital reserve VI(XIII)						
3200	Capital reserve		793	-	793	-
Retained earnings VI(XIV)						
3310	Legal capital reserve		282,637	13	244,090	12
3350	Unappropriated earnings		1,111,292	53	1,031,012	50
Other equity						
3500	Treasury shares	VI(XII)	(38,296)	(2)	(38,296)	(2)
3XXX	Total equity		<u>1,759,985</u>	<u>83</u>	<u>1,641,158</u>	<u>80</u>
Material Contingent Liabilities and IX						
Unrecognized Contractual						
Commitments						
Significant Events after the Balance XI						
Sheet Date						
3X2X	Total liabilities and equity		<u>\$ 2,114,647</u>	<u>100</u>	<u>\$ 2,042,676</u>	<u>100</u>

YUAN High-Tech Development Co., Ltd.
Comprehensive Income Statement
From January 1 to December 31, 2021 and 2022

Item	Note	2022		2021		
		Amount	%	Amount	%	
4000	Operating income	VI(XV)	\$ 1,372,773	100	\$ 1,792,439	100
5000	Operating costs	VI(IV)	(714,505)	(52)	(994,604)	(56)
5900	Gross profit		658,268	48	797,835	44
	Operating expenses	VI(X)(XIX)				
6100	Selling and marketing expenses		(51,297)	(4)	(39,856)	(2)
6200	Administrative expenses		(111,384)	(8)	(112,399)	(6)
6300	R&D expenses		(157,570)	(11)	(158,688)	(9)
6450	Expected credit impairment benefit (loss)	XII(II)	2,513	-	(2,500)	-
6000	Total operating expenses		(317,738)	(23)	(313,443)	(17)
6900	Operating profit		340,530	25	484,392	27
	Non-operating income and expenses					
7100	Interest income	VI(XVI)	1,438	-	624	-
7010	Other income	VI(XVII)	18,275	1	9,328	1
7020	Other gains and losses	VI(XVIII)	22,885	2	(9,344)	(1)
7050	Finance costs		(373)	-	(622)	-
7000	Total non-operating income and expenses		42,225	3	(14)	-
7900	Net income before tax		382,755	28	484,378	27
7950	Income tax expenses	VI(XXI)	(68,451)	(5)	(100,294)	(5)
8200	Net profit in the current period		\$ 314,304	23	\$ 384,084	22
8311	Remeasurements of defined benefit plan	VI(X)	\$ 4,135	-	\$ 1,730	-
8349	Income tax related to items not reclassified	VI(XXI)	(827)	-	(346)	-
8300	Other comprehensive income, net		\$ 3,308	-	\$ 1,384	-
8500	Total comprehensive income for the period		\$ 317,612	23	\$ 385,468	22
	Earnings per share	VI(XXII)				
9750	Basic earnings per share		\$ 7.91		\$ 9.66	
9850	Diluted earnings per share		\$ 7.88		\$ 9.63	

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, 2021 and 2022

Unit: NT\$ thousand

Notes	Share capital of common stock	Retained earnings			Treasury shares	Total equity
		Capital reserve	Legal capital reserve	Unappropriated earnings		
<u>2021</u>						
Balance as of January 1, 2021	\$ 337,298	\$ 793	\$ 182,484	\$ 1,038,457	(\$ 38,296)	\$ 1,520,736
Net profit in the current period	-	-	-	384,084	-	384,084
Other Comprehensive Income	-	-	-	1,384	-	1,384
Total comprehensive income for the period	-	-	-	385,468	-	385,468
Appropriation and distribution VI(XIV) of earnings of 2020:						
Provision for legal surplus reserve	-	-	61,606	(61,606)	-	-
Cash dividends	-	-	-	(265,046)	-	(265,046)
Stock dividends	66,261	-	-	(66,261)	-	-
Balance as of December 31, 2021	\$ 403,559	\$ 793	\$ 244,090	\$ 1,031,012	(\$ 38,296)	\$ 1,641,158
<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 VI(XIV) of earnings of 2021:						
Provision for legal surplus reserve	-	-	38,547	(38,547)	-	-
Cash dividends	-	-	-	(198,785)	-	(198,785)
Balance on December 31, 2022	\$ 403,559	\$ 793	\$ 282,637	\$ 1,111,292	(\$ 38,296)	\$ 1,759,985

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.
Cash Flow Statement
From January 1 to December 31, 2021 and 2022

Unit: NT\$ thousand

	Note	From January 1 to December 31 2022	From January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Current net profit before tax		\$ 382,755	\$ 484,378
Adjustments			
Income and expenses			
Depreciation expenses	VI(V)(VI)(VIII) (XIX)	21,136	26,542
Amortization expenses	VI(XIX)	3,657	4,729
Impairment loss on expected credit (reversal profit)	XII(II)	(2,513)	2,500
Interest income	VI(XVI)	(1,438)	(624)
Interest expense		373	622
Changes in assets/liabilities relating to operating activities			
Net changes in assets related to operating activities			
Decrease (increase) in notes receivable		6,068	(6,746)
Decrease (increase) in accounts receivable		34,298	(25,840)
Decrease (increase) in inventories		22,538	(42,260)
Decrease (increase) in other current assets		55,747	(29,318)
Increase in other non-current assets		(13,547)	-
Net change in liabilities related to operating activities			
(Decrease) increase in contract liabilities - current		(14,655)	13,679
Increase or decrease in notes payable		(23,931)	(145,742)
Decrease in accounts payable		(18,133)	(139,971)
Decrease in other payables		(1,846)	(25,320)
(Decrease) increase in other current liabilities		(1,884)	413
Increase in liability provision		952	6,846
Increase (decrease) in other non-current liabilities		3,360	(2,261)
Cash inflow from operating activities		452,937	121,627
Interest received		1,438	624
Interest paid		(373)	(622)
Income tax paid		(58,297)	(213,162)
Net cash inflow (outflow) from operating activities		<u>395,705</u>	<u>(91,533)</u>
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment	VI(V)	(2,571)	(4,799)
Purchase of intangible assets		(4,682)	(2,360)
(Increase) decrease in Refundable deposits		(302)	1,606
Net cash outflow from investment activities		<u>(7,555)</u>	<u>(5,553)</u>
<u>Cash flows from financing activities</u>			
Short-term loans		-	310,000
Repayment of short-term loans		-	(310,000)
Repayment of leasing principal	VI(XXIII)	(13,600)	(15,632)
Increase in guarantee deposits		2,042	-
Cash dividends	VI(XIV)	(198,785)	(265,046)
Net cash outflow from financing activities		<u>(210,343)</u>	<u>(280,678)</u>
Increase (decrease) in cash and cash equivalents for the current period		177,807	(377,764)
Balance of cash and cash equivalents at the beginning of period		<u>278,223</u>	<u>655,987</u>
Balance of cash and cash equivalents at the end of the period		<u>\$ 456,030</u>	<u>\$ 278,223</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

(V) Articles of Incorporation

Yuan High-Tech Development Co., Ltd.

Articles of Incorporation

Chapter 1 General Principles

Article I: The Company is incorporated in accordance with the provisions of the Company Act and is named YUAN High-Tech Development Co., Ltd.

Article II: The Company's business are 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 reinvestment shall not be subject to the limit of forty percent of the paid-up share capital, and may provide external guarantee business.

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 mode of announcement of the Company shall be in accordance with the provisions of Article 28 of the Company Act.

Chapter 2 Capital Stock

Article VI: The capital of the Company is set at NT\$ 800,000,000, divided

into 80,000,000 shares with NT\$ 10 per share. The Board of Directors is authorized to issue new shares in stages where necessary.

Article VII: The maximum amount of NT \$40,355,944 within the total capital of the preceding paragraph shall be retained for the issuance of employee stock option certificates for a total of 4,035,594 shares, with a nominal value of NT \$1.0 million per share, which shall be issued in stages in accordance with the resolutions of the Board of Directors.

Article VIII: If the proposed issue price of the employee share option is lower than the closing price of the Company's ordinary shares on the date of issuance, the employee share option certificate shall only be issued after a resolution at the shareholders' meeting where more than half of the shareholders holding more than half of the total number of shares issued are present and more than two-thirds of the shareholders present voted for the resolution.

If the Company intends to transfer shares to the Employees at a price lower than the average actual price of repurchase of shares, the Company shall, before the transfer, propose the same in the next shareholders' meeting where more than half of the shareholders holding more than half of the total number of shares issued are present and more than two-thirds of the shareholders voted for the resolution.

Article IX: The shares of the Company shall be in registered form and shall be issued under the signature or seal of the Directors acting on behalf of the Company after being duly signed in accordance with the laws. The shares may also be issued in a scripless manner, provided that it is lodged with a centralized securities depository institution.

Article X: Transfer of shares shall not be made within sixty (60) days prior to the Ordinary Annual Shareholders' Meeting, thirty (30) days prior to the Extraordinary Shareholders' Meeting, or five (5) days prior to the ex-date on which the Company decides to distribute dividends and bonuses or other benefits.

Article XI: Unless otherwise provided by the Company Act or the Securities Regulations, the shareholder services of the Company shall be conducted in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the Supervisory Authority.

Chapter 3 Shareholders' Meeting

Article XII: The Shareholders' Meeting is divided into two types: Ordinary and Extraordinary meeting. The Ordinary Meeting is convened at least once a year, and shall be convened within six months

after the end of each fiscal year. The Extraordinary Meeting shall be convened in accordance with the laws as and when necessary.

The meeting of the shareholders of the Company may be held by video conference or other announcement of the Central Authority. Adopt the requirements, operating procedures and other relevant regulation to be complied with by the virtual shareholders' meeting, and the competent authority shall follow the provisions of the relevant regulation.

Article XIII: When a Shareholder is not able to attend the Shareholders' Meeting for any reason, the Shareholder may sign or seal the Proxy Form printed and issued by the Company to appoint a proxy to attend on behalf and specifies the proxy's scope of the authorization. The use of the 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 Supervisory Authority, unless otherwise provided by the Company Act.

Article XIV: The Shareholders of the Company shall have one vote per share, while those whose voting rights are restricted or fell under the circumstances in Paragraph 2 of Article 179 of the Company Act shall not have the right to vote.

Article XV: Unless otherwise provided by the Company Act, resolutions at the Shareholders' Meeting shall be passed in the presence of Shareholders representing more than half of the total number of issued shares and more than half of the Shareholders present voted for the resolution.

Chapter 4 Directors and the Audit Committee

Article XVI: The Company has five to nine directors, two supervisors for a three-year term. The election method of the Company is based on the candidate nomination system. The shareholders shall be selected from the list of candidates for directors and supervisors and may be re-elected. The number of independent directors in the aforesaid number of directors shall not be less than two, and shall not be less than one-fifth of the number of directors.

The Company has established the Audit Committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Law, which is composed of all independent directors and is responsible for the implementation of the Company Law, the Securities and Exchange Law and other laws and regulations, and the functions and powers to be exercised by the Supervisor.

Article XVII: The Board of Directors shall be formed by the Directors. The

Chairman of the Board of the Directors shall be elected among the Directors in the presence of more than two-thirds of the Directors and more than half of the Directors present voted for that election. One of the Directors may be elected as Vice-Chairman of the Board of Directors in the same manner. The Chairman of the Board of Directors shall represent the Company externally and shall be the Chairman in Shareholders' Meeting and the Board of Directors internally.

Article XVIII: When the chairman, vice-chairman or director requests leave or is unable to exercise his/her powers for any reason, his/her agency shall be handled in accordance with the provisions of Articles 208 and 205 of the Company Law. If a board meeting is conducted by means of video conferencing, directors who participate in the meeting by such means shall be deemed to have attended the meeting in person.

The board of directors shall convene the meeting with the reasons stated and shall notify the directors in writing seven days in advance, but it may be convened at any time in the event of an emergency.

The convening referred to in the preceding paragraph may be notified by fax or email.

Article XIX: The remuneration of the directors is agreed upon by the authorized board of directors in accordance with the extent of their participation in the operations of company and the value of their contribution, the Company has to purchase liability insurance for all directors.

Chapter 5 Managerial Personnel

Article XX: The Company may have one (1) General Manager, whose appointment, dismissal and compensation shall be administered in accordance with the provisions of Article 29 of the Company Act.

Article XXI: The Company shall, at the end of each fiscal year, be represented by the Board of Directors by (i) a business report, (ii) financial statements, and (iii) proposals for disposition of net income or make-up of losses, which shall be submitted to the Audit Committee for review thirty days prior to the opening of the Annual Shareholders' Meeting, and shall be submitted to the Annual Shareholders' Meeting for approval in accordance with the law.

Article XXII: The Company shall allocate no less than 2% of the employee remuneration and no more than 2% of the directors' remuneration after making up the loss based on the profit situation of the current year (that is, the profit before tax and

deduct the remuneration of employees and directors).

Article XXII-1: If there is any surplus earnings in the annual final accounts of the Company, the surplus shall first be used to pay taxes and to make up losses from previous years, and then 10% of the balance shall be allocated as the statutory surplus reserve. Save where the statutory surplus reserve has reached the total amount of the capital, such restriction shall not apply. After the appropriation or reversal of the special surplus earnings reserve in accordance with laws or the regulations of the Supervisory Authority, the remaining surplus and the undistributed surplus earnings at the beginning of the same period shall be the accumulated distributable earnings of the Shareholders. The Board of Directors shall formulate the surplus earning distribution proposal, and when the distribution is to be made in the form of issuance of new shares, the distribution proposal shall be submitted to the Shareholders' Meeting for resolution.

The dividends and bonuses distributed by the Company may be the whole or part of the statutory surplus reserves and capital reserve. If the distribution is to be made in the form of cash, the Board of Directors is authorized to do so by a resolution passed in the presence of more than two-third of the Directors and more than half of the Director present voted for the resolution, and thereafter report at the Shareholders' Meeting.

Article XXIII: The dividends of the Company may be distributed in part or in full in the form of cash dividends. Wherein the stock dividend shall not be higher than 90% of the dividend distributed in the current year.

Chapter 6 Miscellaneous

Article XXIV: All matters not covered in the Articles of Incorporation shall be administered in accordance with the provisions of the Company Act.

Article XXV: These Articles of Incorporated was made 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 tenth amendment was made on April 14, 2000. The eleventh amendment was made on June 7, 2001. The twelfth amendment was made on August 29, 2001. The thirteenth amendment was

made on June 14, 2002. The fourteenth amendment was made on May 18, 2004. The fifteen amendment was made on June 14, 2005. The sixteenth amendment was made on June 9, 2006. The seventeenth amendment was made on June 13, 2007. The eighteenth amendment was made on June 13, 2008. The nineteenth amendment was made on June 19, 2009. The twentieth amendment was made on June 25, 2010. The twenty-first amendment was made on June 10, 2011. The twenty-second amendment was made on June 18, 2012. The twenty-third amendment was made on June 18, 2013. The twenty-fourth amendment was made on June 23, 2015. The twenty-fifth amendment was made on June 14, 2016. The twenty-sixth amendment was made on June 12, 2019. The twenty-seventh amendment was on June 8, 2020. The twenty-eighth amendment was made on July 20, 2021.

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: The Rules of Procedure of the Shareholders' Meeting of the Company shall be governed by these Rules unless otherwise provided by decree or bylaw.
- Article II: The Company shall have a register of names to be signed by or on behalf of the attending shareholders. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article III: The attendance and voting of the Shareholders' Meeting shall be calculated based on shares.
- Article IV: The Shareholders' Meeting shall be convened at the place where the Company is located or a venue that facilitates the attendance of shareholders and is suitable for the convening of the Shareholders' Meeting. The time of the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m., and the opinions of Independent Directors shall be fully taken into consideration.
- Article V: If the Shareholders' Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the Chairman of the meeting. If the Chairman requests leave or is unable to exercise his powers for any reason, the Vice-chairman shall serve on his behalf. If there is no Vice-chairman or the Vice-chairman also requests leave or is unable to exercise his powers for any reason, the Chairman shall appoint an Executive Director to serve on his behalf. If there is no Executive Director, a Director shall be appointed to serve on his behalf. If there is no Executive Director, a Director shall be appointed to serve on his behalf. If the Chairman does not appoint any person to serve on his behalf, each of the Executive Director or Director shall appoint a person to serve on his behalf.
- The Executive Director or Director who serves as the Chairman of the meeting as stipulated in the preceding paragraph shall be the one who has been in office for more than six months and is an expertise in the financial and business conditions of the Company. The same shall apply to the representative of a Director of a corporation who serves as the Chairman of the meeting.
- If a Shareholders' Meeting is convened by a convener with the right to convene other than the Board of Directors, the said convener shall serve as the Chairman of the meeting, and if there are two or more conveners, one of them shall be appointed.
- Article VI: The Company may appoint an appointed attorney, CPA or relevant person to attend the Shareholders' Meeting.

Personnel who arrange for the Shareholders' Meeting shall wear identification cards or armbands.

Article VII: The Company shall make continuous and uninterrupted audio and video recordings of the shareholders' debriefing process, the proceedings of the meeting and the entire polling and counting processes from the commencement of the shareholders' debriefing.

The aforementioned audio-visual data shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

Article VIII: The Chairman shall declare the commencement of the meeting at the same time as it has been held and shall announce the number of non-voting votes, the number of shares present and other relevant information.

Provided that when the number of attending shareholders representing more than half of the total number of issued shares does not constitute the quorum, the Chairman may announce adjournment of the meeting no more than twice and no more than one hour in aggregate. If the shareholders representing more than one-third of the total amount of the issued shares are present despite those representing more than half of the total number of issued shares do not still constitute the quorum after the adjournment for the second time, a tentative resolution may be adopted in accordance with Article 175 (1) of the Company Act, and the shareholders shall be notified of the tentative resolution and convening a further Shareholders' Meeting within one month.

Prior to the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the Chairman may revert the tentative resolution to the meeting for a vote in accordance with the provisions of Article 174 of the Companies 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 on each separate proposal in the agenda (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

If the Shareholders' Meeting is convened by a convener with the right to convene other than the Board of Directors, the provisions of the preceding paragraph shall apply.

The Chairman shall not declare the meeting adjourned without a resolution before the closure of the items in the agenda (including ex-temporary motions) scheduled in the first two paragraphs. If the Chairman declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the Shareholders present and elect a person as chairman of the meeting with the consent of a majority vote of the shareholders present to continue the meeting in accordance with the procedure prescribed by law.

After the adjournment of the meeting, the Shareholders shall not elect a chairman to continue the meeting at the original address or another venue.

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

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

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 stop any violation.

Article XI: No more than two statements by each Shareholder on the same proposal may be made without the consent of the Chairman, each of which shall not exceed five minutes.

If a Shareholder speaks in violation of the provisions of the preceding paragraph or outside the scope of the agenda, the Chairman may stop his/her speech.

Article XII: When a legal person is entrusted to attend a Shareholders' Meeting, the said legal person may only appoint one representative to attend the meeting.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting.

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

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

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

Article XV: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of Aurora.

The vote counting operation of the Shareholders' Meeting vote or election proposal shall be conducted publicly at the Shareholders' Meeting, and after the vote counting is completed, the result of the vote shall be announced on the spot, including the weights of the statistics, and recorded.

Article XVI: When the meeting is in progress, the chairman may, at such time as he/she

deems appropriate, declare a break.

Article XVII: The vote on the proposal shall be passed with the consent of a majority vote of the shareholders present, unless otherwise provided by the Companies Act and the Articles of Incorporation.

At the time of voting, after the total number of voting rights of the Shareholders present is announced by the chairman or his/her designed person on a case-by-case basis, the Shareholders shall vote on a case-by-case basis, and the results of the shareholders' consent, opposition and abstention shall be entered into the Market Observation Post System on the day after the Shareholders' Meeting is held.

Article XVIII: In the event of an amendment to or replacement of the same proposal, the chairman shall determine the order of voting together with the original proposal. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article XIX: The chairman may direct the inspector (or security guard) to assist in maintaining the order at the venue. Inspectors (or security guards) shall wear an armband with the word "inspector" when they are present to assist in maintaining the order.

Article XX: Matters not stipulated in these Rules shall be handled in accordance with other relevant decree and the Articles of Incorporation of the Company.

Article XXI: These Rules shall enter into force upon adoption by the Shareholders' Meeting and shall be amended in the same manner.

(VII) Current Shareholding of Directors

Yuan High-Tech Development Co., Ltd.

Current Shareholding of Directors

As of the book closure date for the Shareholders' Meeting (April 22, 2023), the shareholdings of the Directors of the Company were as follows:

I. Details of the minimum number of shares to be held by all Directors and the number of shares held in the register of shareholders

Title	Number of shares to be held	Number of Shares Registered in the Register of Shareholders
Director	3,600,000 (Note)	10,964,634

II. Details of the number of shares held by directors

Title	Name	Number of Shares Registered in the Register of Shareholders
Chairman	Zhao, Xi-Zheng	0
Vice Chairman	Li, Yao-Kui	500,897
Director	Lin, Hong-Pei	0
Director	Wei Sheng Investment Co., Ltd. Representative: Sun Sheng	9,408,321
Director	Chen, Li-Min	154,290
Director	Yang, Shi-Huai	901,126
Independent Director	Guo, Dong-Long	0
Independent Director	Lin, Hao-Sheng	0
Independent Director	Nian, Xiao-Jing	10,800

Note: The shareholding of Independent Directors appointed by a public company shall not be included in the total number of statutory shares; if two or more Independent Directors are appointed, the shareholding ratio of all Directors other than Independent Directors calculated according to the statutory ratio shall be reduced to 80%.