



YUAN High-Tech Development Co., Ltd.

2024

Annual Report (Translation)

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Notice to Readers:

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

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Website: <https://www.capital.com.tw/>

Telephone Number: (02) 2703-5000

IV. Name, Address, Website, and Telephone Number of Accounting Firm and Name of the CPA Auditing and Certifying the Financial Report of the Most Recent Year:

Names of Accountants: Lin, Po-Chuan, Yang, Hui-Tzu

Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Road, Taipei, Taiwan

Website: <https://www.pwc.tw/en.html>

Telephone Number: (02) 2729-6666

V. Overseas Securities Exchange: None

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

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Chapter 1 Letter to Shareholders

YUAN High-Tech Development Co., Ltd.



I Business Results for 2024

(I) Business Plan Implementation Results

The net operating revenue of the Company for the year 2024 was NT\$1,194,219 thousand, representing an increase of NT\$13,610 thousand or 1.15% compared to 2023. The net income after tax for the year 2024 was NT\$284,412 thousand, reflecting an increase of 41.12% compared to 2023.

(II) Status of Budget Execution: Not applicable

(III) Financial Income and Expenses and Profitability Analysis

Item			2023	2024
Financial Income and Expenditure	Non-operating income (NT\$ thousands)		23,171	49,833
	Non-operating expenses (NT\$ thousands)		2,227	713
Profitability	Return on assets (%)		9.29	12.41
	Return on shareholders' equity (%)		11.30	15.13
	As a percentage of paid-in capital (%)	Operating profit	59.32	63.29
		Net income before tax	64.51	75.46
	Net profit margin (%)		17.07	23.82
	Earnings per share (NT\$)		5.07	7.15

(IV) Status of Research and Development:

1. Technology and Development Overview

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

In recent years, the COVID-19 pandemic has had a significant impact on various sectors worldwide, leading to changes in people's daily lifestyles, social patterns, and work methods. Additionally, geopolitical risks and trade barriers have also influenced supply chains and global business to some extent. The Company has responded to these changes by identifying potential new opportunities and turning points. In terms of research and development, we prioritize interdisciplinary collaboration and innovative product planning based on emerging technological trends. With our R&D team's expertise and experience in hardware, drivers, firmware, FPGA, and SDK, we can vertically integrate different hardware modules and software components. By utilizing hardware components from chip suppliers and leveraging our strong FPGA technology and R&D

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

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

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

learning technologies. This includes providing tools and resources for image processing, medical image analysis, visualization, and data management. Medical equipment manufacturers can easily develop more accurate, intelligent, and efficient medical imaging devices by utilizing these image capture functionalities.

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

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

2. Technologies or Products Successfully Developed by the Company in 2024
3. The technologies or products successfully developed during the year are as follows:
 - ◆ 12G SDI TO HDMI20-S: 12G-SDI to HDMI2.0 4K Ultra HD Video Converter
 - ◆ AIR6N0-C-DB NX-400-4TVI: 4-channel TVI AI Video Processing Platform Interface Card
 - ◆ AIR6N0-C-DB NX-410-4GMSL2: 4-channel GMSL-2 AI Video Processing Platform Interface Card
 - ◆ AIR6N0-C-DB NX-4USBA: 4-channel USB3.0 AI Video Processing Platform Interface Card
 - ◆ AIR6N0-C-DB NX-710-12G-QSDI: 4-channel SDI AI Video Processing Platform Interface Card
 - ◆ AIR6N0-C-DB NX-710-12G-SDI: 1-channel 12G-SDI AI Video Processing Platform Interface Card

- ◆ AIR6N0-C-DB NX-710-HDMI20: 1-channel HDMI2.0 AI Video Processing Platform Interface Card
- ◆ AIR6N0-C-MB NX: AI Smart Miniature Video Processing Platform
- ◆ CV850E UB3-C8M678: USB UVC Plug-and-Play Camera
- ◆ HDMI20 TO 12G QSDI: HDMI2.0 to 12G-SDI 4K Ultra HD Video Converter
- ◆ M2 350 QUAD GBE CARD: 4-channel GigE M.2 Network Card
- ◆ MINI6N0: AI Smart Miniature Video Processing Platform
- ◆ MULTI TO COPPER POE: Multi to SDVoE 4K Ultra HD Encoder
- ◆ PD576E HDMI20: USB UVC Interface 4K Ultra HD Video Capture Card
- ◆ SC400 N1L HDV: 1-channel HDMI/DVI HD Video Capture Card
- ◆ SC6E0 N1 HDMI TO IPUVC V2: HDMI 1080p HD Encoder

II Overview of Business Plan for 2025

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

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

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

The Company develops and researches products based on various video processing and remote control combinations through in-depth cooperation with upstream chip suppliers,

coupled with self-designed FPGA lines. At the same time, we strictly control the production quality and stability of products and reasonably control production costs while striving for the best balance between cutting-edge software and hardware design and production in order to provide customers with highly competitive video and audio solutions.

III Future Development Strategies

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

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

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

Ultra-high-resolution product lines that lead the future

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

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

macOS. This cross-platform design ensures a consistent video framework, enhancing product compatibility and ease of use.

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

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

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

Various streaming communication protocols, including RTSP, RTMP, SRT, and TS, are utilized to fulfill the needs of diverse application scenarios. Different streaming protocols are used for different application scenarios, such as RTSP, RTMP, SRT, and TS. In order to facilitate customer use, our AV-over-IP product line is constantly expanding the communication protocol. At the end of 2022, we launched a streaming codec transceiver capable of supporting NDI ®, NDI ® | HX and SDVoE protocols at the same time, which allows for a variety of different streaming formats to meet customer needs in different application scenarios.

Image processing platforms with AI technology

The AI image processing platform enables more accurate image recognition, analysis, and application. For instance, in medical image processing, it can be used for automated analysis and diagnosis of medical images. In the industrial sector, it can be applied to visual inspection and quality control on production lines. In security surveillance, it can be used for applications like facial recognition and dynamic object detection in monitoring systems. In agriculture, it

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

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

- **Application of image technology in edge embedded devices**

Edge computing opportunities involve moving computing and data storage capabilities to edge devices that are closer to the data source, which enables faster processing and real-time feedback. While the computing power of edge computing embedded computers continues to improve, complex image processing algorithms can lead to excessive energy consumption or poor heat dissipation, which in turn affects system stability and lifespan. Moreover, image data is typically large, and transmitting a significant amount of image data from the camera to the embedded computer for processing often leads to data loss or transmission delays, resulting in inaccurate image analysis results.

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

- **Industry solutions with advanced AI analytics**

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

- AV-over-IP multimedia streaming integration applications

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

In the AV-over-IP field, each industry has its unique characteristics and application scenarios. Thus, specific choices should be made based on specific requirements. 100M is widely utilized in various applications, including videoconferencing, remote monitoring, and live streaming, and it is compatible with protocols such as RTSP, RTMP, HLS, SIP, WebRTC, ONVIF, SRT, NDI|Hx, and Dante AV-H. 1G bandwidth, which enables low-latency and high-quality video transmission, is commonly used in video production and virtual studios in the advertising and television industries, and it supports communication protocols such as Full NDI and Dante AV-UTRLA. SDVoE utilizes proprietary encoding and decoding methods to achieve 4K60 4:4:4 transmission without delay, and even supporting 8K video transmission. In comparison to other AV-over-IP solutions, SDVoE operates at 10G, ensuring efficient and seamless transmission.

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

Chairman

Chao Hsi-Cheng



President

Lin Hong-Pei



Accounting Manager

Lo Chia-Ling



Chapter 2 Corporate Governance Report

I. Information of Directors, Independent Directors and Key Managerial Personnel:

(I) Directors and Independent Directors:

1. Information of Directors and Independent Directors

April 13, 2025

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in <u>the Company</u> and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Chairman	R.O.C.	Zhao, Xi-Zheng	Male 61-70	2022.06.14	3	2007.06.13	0	0%	0	0%	2,300	0.01%	0	0%	* University of Alabama at Birmingham * Deputy General Manager of Palit Microsystems Ltd. * Chief Executive Officer of the Company	Chairman of the Company	N/A	N/A	N/A
Corporate Director	R.O.C.	Wei Sheng Investment Co., Ltd. (Note 1)	-	2022.06.14	3	2001.08.29	9,511,321	23.57%	9,381,321	23.25%	0	0%	0	0%	Corporate Director of YUAN HIGH-TECH DEVELOPMENT CO., LTD.	N/A	N/A	N/A	N/A
Representative of Corporate Director (Note 1)	R.O.C.	Sheng Sun	Male 71-80	2022.06.14	3	2006.06.09	9,511,321	23.57%	9,381,321	23.25%	0	0%	0	0%	* Department of International Trade, Feng Chia University * Changhua Bank Manager * Supervisor of the Company	Director of the Company	N/A	N/A	N/A
Director	R.O.C.	Li, Yao-Kui	Male 61-70	2022.06.14	3	2001.08.29	500,897	1.24%	500,897	1.24%	0	0%	0	0%	* National Chengchi University Graduate Institute * Independent Director, Taiwan Cooperative Bank * Chairman of Small & Medium Enterprise Credit Guarantee Funds of Taiwan	Vice-Chairman of the Company Certified accountant of Xinyi Accounting Firm	N/A	N/A	N/A

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in <u>the Company</u> and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Director	R.O.C.	Lin, Hong-Pei	Male 41-50	2022.06.14	3	2019.06.12	0	0%	0	0%	0	0%	0	0%	* Institute of Information Engineering, Datong University * Deputy General Manager of R&D Department 2 of the Company	President of the Company	N/A	N/A	N/A
Director	R.O.C.	Chen, Li-Min	Male 71-80	2022.06.14	3	1999.01.26	154,290	0.38%	154,290	0.38%	1,006,113	2.49%	0	0%	* Graduate School of Business Administration at National Chengchi University * Chairman of the Company	General Manager of Kuensun Construction	Director and Vice President	Yang, Shi- Huai	Brother-in- law
Director	R.O.C.	Yang, Shi-Huai	Male 51-60	2022.06.14	3	1999.01.26	901,126	2.23%	901,126	2.23%	0	0%	0	0%	* Institute of Information Electronics, National Central University * Vice President of R&D Department 1 of the Company	Deputy General Manager of R&D Department I of the Company	Director	Chen, Li- Min	Brother-in- law
Independent Director	R.O.C.	Guo, Dong- Long	Male 71-80	2022.06.14	3	2022.06.14	0	0%	0	0%	0	0%	0	0%	* Department of Public Administration, National Chung Hsing University * General Manager of E.Sun Commercial Bank, Ltd. * Chairman of E. Sun Venture Capital Co. Ltd.	* Independent Director of the Company * Independent Director of Union Commercial Bank Plc.	N/A	N/A	N/A
Independent Director	R.O.C.	Lin, Hao- Sheng	Male 51-60	2022.06.14	3	2022.06.14	0	0%	0	0%	0	0%	0	0%	* Kensington Technology Institute * SKYWORKS Cellphone Baseband design house manager director	* Deputy General Manager of Business Department of Nanjia Co., Ltd.	N/A	N/A	N/A

Title	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of first election (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Primary Education (Note 4)	Currently holding concurrent positions in <u>the Company</u> and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Independent Director	R.O.C.	Nian, Xiao- Jing	Female 41-50	2022.06.14	3	2022.06.14	10,800	0.03%	10,800	0.03%	0	0%	0	0%	* Doctoral Program, Institute of Clinical Medicine, National Taiwan University School of Medicine * Adjunct Assistant Professor at National Yang Ming Chiao Tung University and National Taiwan University	* Chief Executive Officer, Good Liver Foundation * Executive Director of the Taiwan Health Foundation * Adjunct Assistant Professor of National Taiwan University * Adjunct Attending Physician of Department of Family Medicine, National Taiwan University Hospital	N/A	N/A	N/A

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

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

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

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

2. Major Shareholder

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

April 13, 2025

Corporate shareholder name (Note 1)	Major shareholders of corporate shareholders (Note 2)
Wei Sheng Investment Co., Ltd.	Yang, Yi-Lan: 11.00% Li, Shi-Long: 69.00% Li, Tsung-Han - 15.00%

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

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

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

April 13, 2025

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

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

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

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

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

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

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

- (2) **Diversity and Independence of the Board of Directors:**
The Board of Directors of the Company shall be accountable to the shareholders' meeting for the practices and arrangements of its corporate governance system and shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation or the resolution of the shareholders' meeting. All members of the Board of Directors shall have the knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors overall shall have:
- A. Ability to make operational judgments.
 - B. Ability to perform accounting and financial analysis.
 - C. Ability to conduct management administration.
 - D. Ability to conduct crisis management.
 - E. Knowledge of the industry.
 - F. International perspective.
 - G. Ability to lead.
 - H. Ability of decision-making.
- (3) **Board of Directors Diversity Information:**
Board Diversity In order to strengthen corporate governance and promote the sound development of board composition and structure, the composition of the Board of Directors takes into consideration various needs such as the company's operational structure, business development direction, future development trends, and evaluates various diversity aspects, such as basic composition (e.g., gender, nationality, age, etc.), professional experience (e.g., banking, insurance, securities, asset management, etc.), and professional knowledge and skills (e.g., accounting, legal, information technology, risk management, etc.).
- The current Board of Directors of the Company consists of nine directors, including three independent directors, and members have rich experience and expertise in the fields of finance, business and management. Furthermore, the Company places strong emphasis on gender equality in the composition of the Board of Directors. At present, the Board consists of nine members, including one female director, representing 11.11%. However, due to the unique characteristics of the industry, attracting qualified candidates remains challenging. The nomination of directors primarily prioritizes candidates with professional technical expertise, and therefore, the current proportion of female directors has not yet reached one-third. To address this situation, the Company is actively recruiting female professionals with expertise in finance, law, risk management, and sustainability governance, in addition to technical fields, to enhance the diversity of the candidate pool. Looking ahead, the Company will make every effort to increase the proportion of female directors to one-third as its target. The relevant implementation scenarios are listed in the table below:

April 10, 2024

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

(4) Management Succession Planning

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

A. Succession Planning for Board Members

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

B. Management Succession Planning

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

- (A) Through the mechanism of work practice reports and participation in important meetings on goals and management, we develop the ability to make decisions and provide feedback from senior managers through regular performance evaluations and help individuals develop guidance in the process.
- (B) Through cross-functional or cross-departmental job rotations, project task planning and execution, double-hatting, and work agency, we cultivate diversified working abilities and perspectives and provide practical experience.
- (C) Participate in internal and external related training to develop decision making judgment according to individual development needs each year.

- (D) Establish a complete training record and regularly review the talent development plan to adjust according to the organisation's operational needs.
- (E) We encourage middle and senior-level talents to give full play to their creativity and learn on their initiative by proposing further studies, research or diversified training and internship programs and let the company provide resource support or adjust the design of their duties to facilitate the diversity and toughness of the company's overall human resources.

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

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

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

April 13, 2025

Title (Note 1)	Country Citizenship	Name	Gender	Date Elected	Shareholding		Shares Held by Spouse and Minor Children		Shares Held in Others' Names		Primary Education (Note 2)	Position Held with Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%			Title	Name	Relationship
Chairman	R.O.C.	Zhao, Xi-Zheng	Male	2021.08	0	0%	2,300	0.01%	0	0%	* University of Alabama at Birmingham * Deputy General Manager of Palit Microsystems Ltd.	N/A	N/A	N/A	N/A
General Manager	R.O.C.	Lin, Hong-Pei	Male	2021.08	0	0%	0	0%	0	0%	* Institute of Information Engineering, Datong University * Vice President of R&D Department 2 of the Company	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Yang, Shi-Huai	Male	1998.4	901,126	2.23%	0	0%	0	0%	* Institute of Electrical Engineering, National Central University * Vice President of R&D Department 1 of the Company	N/A	Director	Chen, Li-Min	Brother-in- law
Finance and Accounting Manager	R.O.C.	Luo, Jia- Ling	Female	2004.6	0	0%	0	0%	0	0%	* Department of Accounting, Tamkang University * Audit of the Company	N/A	N/A	N/A	N/A

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

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

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

(III) Remuneration paid to directors, general manager and deputy general manager for the most recent year

1. Remuneration of directors (including independent directors) (aggregated to match the level of disclosure of names)

(Unit: Thousand NT\$)

April 13, 2025

Title	Name	Remuneration Paid to Directors								Ratio of Total Amount of A, B, C, and D to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Proportion of total after-tax net income of items A, B, C, D, E, F and G (Note 10)		Receipt of remuneration from businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Remuneration of Directors (C) (Note 3)		Business Execution Fees (D) (Note 4)				Salaries, bonuses and special expenses, etc. (E) (Note 5)		Severance Pay and Pension (F)		Employee compensation (G) (Note 6)						
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Zhao, Xi-Zheng	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	8,600	8,600	0	0	175	0	175	0	9,832 3.46%	9,832 3.46%	0
Director	Li, Yao-Kui	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	3,900	3,900	0	0	116	0	116	0	5,073 1.78%	5,073 1.78%	0
Director	Lin, Hong-Pei	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	8,360	8,360	0	0	163	0	163	0	9,580 3.37%	9,580 3.37%	0
Director	Representative of Wei Sheng Investment Co., Ltd.: Sheng Sun	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	0	0	0	0	0	0	0	0	1,057 0.37%	1,057 0.37%	0
Director	Chen, Li-Min	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	0	0	0	0	0	0	0	0	1,057 0.37%	1,057 0.37%	0
Director	Yang, Shi-Huai	0	0	0	0	1,057	1,057	0	0	1,057 0.37%	1,057 0.37%	5,400	5,400	0	0	128	0	128	0	6,585 2.32%	6,585 2.32%	0
Independent Director	Guo, Dong-Long	720	720	0	0	0	0	0	0	720 0.25%	720 0.25%	0	0	0	0	0	0	0	0	720 0.25%	720 0.25%	0
Independent Director	Lin, Hao-Sheng	720	720	0	0	0	0	0	0	720 0.25%	720 0.25%	0	0	0	0	0	0	0	0	720 0.25%	720 0.25%	0
Independent Director	Nian, Xiao-Jing	720	720	0	0	0	0	0	0	720 0.25%	720 0.25%	0	0	0	0	0	0	0	0	720 0.25%	720 0.25%	0
<div><div><div>Please describe the policy, system, criteria and structure for the compensation of independent directors and the relevance of the amount of payment to the responsibilities, risks and time commitment of the directors: Following the Company's Articles of Incorporation, the Board of Directors is authorized to determine the compensation of directors based on the extent of their participation and the value of their contributions to the Company's operations.</div><div>The Company shall distribute the directors' remuneration at a rate of not more than 2% of the pre-tax income for the year, less the benefit of employee remuneration and directors' remuneration, which will vary with the pre-tax income.</div></div><div><div>Except as disclosed in the table above, remuneration received by the directors of the Company for services rendered to all companies included in the financial statements (e.g., as consultants to non-employees) in the most recent year: None</div></div></div>																						

Director remuneration range table

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

Independent Directors' Remuneration Scale

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

Note 1: The names of directors shall be listed separately (corporate shareholders shall list the names of corporate shareholders and their representatives separately), and the amount of each payment shall be disclosed in aggregate. If a director is also the general manager or vice president, he/she should fill in this table and the following table (3-1) or (3-2).

Note 2: It refers to directors' most recent annual compensation (including director's salary, salary increment, severance pay, various bonuses, incentive payments, etc.).

Note 3: The amount of directors' remuneration approved by the Board of Directors for the most recent year is included.

Note 4: The most recent year's expenses related to the execution of business by the directors (including travel expenses, special expenses, various allowances, dormitories, in-kind provision of vehicles, etc.). If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included.

Note 5: Refers to the salary, salary increment, severance pay, various bonuses, incentive payments, car and horse expenses, certain expenses, multiple allowances, dormitory, auto and other in-kind provisions, etc., which are received by the directors and employees (including the president, vice president, other managers and employees) in the most recent year. If provided with housing, a car or other transportation, or exclusive personal expenses, the type and cost, rent (actual or fair market calculation), fuel cost, and other costs of the assets provided must be disclosed. If provided with a driver, the relevant compensation paid to the driver must be stated in the note, but such compensation will not be included. As stipulated in IFRS 2, share-based payments including obtaining employee stock options and employee restricted stock awards and participation in a cash capital increase shall be calculated as remuneration.

Note 6: The amount of employee compensation (including stock and cash) received by a director who is also an employee (including also a general manager, vice president, other managers and employees) in the most recent year should be disclosed as approved by the Board of Directors in the most recent year. If the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year. It should also be listed in Schedule I-III.

Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level at which he or she is vested.

Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they are attributed.

Note 10: Net income refers to net income after tax for the most recent year. If International Financial Reporting Standards are adopted, net income refers to the net income stated in the parent only company financial statements or individual financial reports for the most recent year.

Note 11:

- This column should explicitly state the amount of remuneration received by the directors of the Company from businesses other than subsidiaries.
- If a director of the Company receives remuneration from a business other than a subsidiary, the payment received by the director of the Company from a business other than a subsidiary should be included in column I of the remuneration scale and the name of the column should be changed to "All Businesses Invested in the Company".
- Remuneration refers to the compensation, remuneration and remuneration received by the directors of the Company in their capacity as directors, supervisors or managers of the Company's businesses other than subsidiaries. (including remuneration to employees, directors and supervisors) and business execution expenses.

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

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

(Unit: Thousand NT\$) April 13, 2025

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Special Expenses, etc. (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Percentage of total after-tax net income of items A, B, C and D (%) (Note 8)		Receipt of remuneration from businesses other than subsidiaries (Note 9)
		The Company	All Companies in the Financial Report (note 5)	The Company	All Companies in the Financial Report (note 5)	The Company	All Companies in the Financial Report (note 5)	The Company		All companies listed in this financial report (Note 5)		The Company	All companies listed in this financial report (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Lin, Hong-Pei	6,000	6,000	0	0	8,000	8,000	205	0	205	0	14,205 4.99%	14,205 4.99%	0
Vice President	Yang, Shi-Huai													

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

Range of Remuneration

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

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

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

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

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

Note 5: The aggregate amount of remunerations paid to the Company's General Managers and Deputy General Managers from all companies (including the Company) included in the consolidated financial statements shall be disclosed.

Note 6: The total amount of remuneration paid by the Company to each general manager and deputy general manager is disclosed in the name of the general manager and deputy general manager at the level to

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

3. Latest annual pension payment/contribution information

(Unit: Thousand NT\$)

	Actual pension payments	Contribution to pension fund	
		New Pension System	Old Pension System
Director	0	0	0
General Manager and Deputy General Managers	0	0	22,225

4. Employee Remuneration

Employee Remuneration

(Unit: Thousand NT\$)

April 13, 2025

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

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

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

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

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

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

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

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Special Expenses, etc. (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Percentage of total after-tax net income of items A, B, C and D (%) (Note 6)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 7)
		The Company	All Companies in the Financial Report (note 5)	The Company	All companies listed in this financial report (note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company		All Companies in the Financial Report (Note 5)		The Company	All Companies in the Financial Report	
								Cash	Stock	Cash	Stock			
Chairman	Zhao, Xi-Zheng	3,600	3,600	0	0	5,000	5,000	121	0	121	0	8,721 3.06%	8,721 3.06%	0
Vice Chairman	Li, Yao-Kui	2,400	2,400	0	0	1,500	1,500	90	0	90	0	3,990 1.40%	3,990 1.40%	0
General Manager	Lin, Hong-Pei	3,360	3,360	0	0	5,000	5,000	111	0	111	0	8,471 2.98%	8,471 2.98%	0
Deputy General Manager of R&D Department I	Yang, Shi-Huai	2,640	2,640	0	0	3,000	3,000	94	0	94	0	5,734 2.02%	5,734 2.02%	0
Finance and Accounting Manager	Luo, Jia-Ling	1,200	1200	0	0	900	900	35	0	35	0	2,135 0.75%	2,135 0.75%	0

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

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

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

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

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

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

Note 7:

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

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

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

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

Proportion of net income after tax (%)	Director (excluding employees of the Company)		General Manager and Deputy General Managers	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
2023	3.76	N/A	7.08	N/A
2024	2.99	N/A	4.99	N/A

1. The policy, criteria and composition of remuneration payment, and the procedure for setting remuneration

(1) Director:

- A. Following the Company's Articles of Incorporation, the Company shall contribute no less than 2% of the employees' remuneration and no more than 2% of the directors' remuneration to the Company if there is any remaining balance after deducting accumulated losses based on the Company's profitability for the year.
- B. The estimated amount of employee remuneration in 2024 and 2023 of the Company is \$6,345 and \$5,424, respectively; the estimated amount of directors' remuneration is \$6,345 and \$5,424, respectively, and the aforementioned amount is included in the payroll expense account.

In 2024, according to the profit situation as of the current period, they are all estimated at 2%, which is consistent with the amount to be allocated by the Board of Directors, of which employee remuneration will be paid in cash.

The remuneration of employees and directors for the year 2023 as decided by the Board of Directors shall be consistent with the amount recognized in the financial report for the year 2023. Information on the remuneration of employees and directors, and supervisors approved by the Company's Board of Directors is available on the Market Observation Post System.

- (2) General Manager and Deputy General Manager: The General Manager and Deputy General Manager of the Company are paid a monthly salary upon hiring regarding similar positions in the industry. The change in the employee bonus is based on the current year's operating results, which will be approved by the Board of Directors under the Company's Articles of Incorporation and sent to the shareholders' meeting. It will then be paid to employees upon the distribution of

earnings based on the performance of the business units and approved by the Remuneration Committee.

2. Correlation with operating performance and future risks
 - (1) The salaries of directors and the remuneration of directors allocated following the Company's Articles of Incorporation have been fully considered for the Company's operations and earnings per share and the Company's operating performance and future risks.
 - (2) The compensation to the general manager and deputy general manager employees shall be paid under the ratio set by the Company's Articles of Incorporation, depending on the operating performance of the year. It shall be paid upon the distribution of earnings.

II Implementation of Corporate Governance

(I) Operation of Board of Directors

1. The Board of Directors has held five meetings in 2024, and the attendance of directors and independent directors is as follows:

Title	Name	Attendance in Person (B)	Numbers of attendance by proxy	Actual Attendance (Column) Rate (%)	Remarks
Chairman	Zhao, Xi-Zheng	5	0	100%	Re-election 2022.06.14~2025.06.13
Director	Li, Yao-Kui	5	0	100%	Re-election 2022.06.14~2025.06.13
Director	Lin, Hong-Pei	5	0	100%	Re-election 2022.06.14~2025.06.13
Director	Representative of Wei Sheng Investment Co., Ltd.: Sheng Sun	5	0	100%	Newly appointed 2022.06.14~2025.06.13
Director	Chen, Li-Min	5	0	100%	Re-election 2022.06.14~2025.06.13
Director	Yang, Shi-Huai	5	0	100%	Re-election 2022.06.14~2025.06.13
Independent Director	Guo, Dong-Long	5	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Lin, Hao-Sheng	5	0	100%	Newly appointed 2022.06.14~2025.06.13
Independent Director	Nian, Xiao-Jing	5	0	100%	Newly appointed 2022.06.14~2025.06.13

Other mentionable items:

- I. **The matters listed in Article 14-3 of the Securities and Exchange Act and other matters decided by the Board of Directors with the objection or reservation of the independent directors and a record or written statement shall indicate the date of the Board of Directors, the period, the content of the proposal, all the opinions of independent directors and the company's treatment of the opinions of independent directors:** the Company has no such situation
- II. **The directors and independent directors shall state the name of the directors, the contents of the proposal, the reasons for avoiding the interests and the circumstances of voting:**
 1. Various remuneration proposals submitted by the Remuneration Committee, among which, regarding the review of the 2024 annual remuneration allocation plan for managers and employees of the Company.
- III. **Listed companies should disclose the evaluation period and period of the self (or peer) evaluation of the Board of Directors, the scope, method and content of the evaluation, and fill in the second (2) performance of the Board of Directors assessment:** the Company established and executed the performance evaluation of the Board of Directors on November 13, 2020, and completed the 2024 annual performance evaluation of the Board of Directors before the first quarter of 2025 years and announced the report in accordance with the regulations.
- IV. **Objectives of strengthening the functions of the Board of Directors in the current and recent years (for example, establishment of an audit committee, improvement of transparency of information, etc.) and assessment of performance:**
 1. The Company amends the "Rules of Procedure of the Board of Directors" of the Company in accordance with 2022.08.02 and complies with them with the consent of the Board of Directors.
 2. The Company has set up the Remuneration Committee on 2011.12.09, which has met twice in 2024.

3. The Company also has independent directors and established an Audit Committee on June 14, 2022. Exercise the authority of the Board of Directors. After each meeting of the Board of Directors, the critical matters resolved by the Board of Directors shall be announced, or material information shall be published promptly to achieve information transparency.

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

(I) Independent Directors' Communication Policies with Internal Audit Officers and Accountants:

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

Date	Communication	Independent Directors' Opinion
2024/11/11	<ol style="list-style-type: none"> 1. Audit plan of the Company from July to September 2024 2. Internal Audit Check Progress 3. Internal auditors' on-the-job training 4. 2025 internal audit plan 5. Proposed to amend the Company's internal control system and internal audit system 	All independent directors have no objection
2024/08/01	<ol style="list-style-type: none"> 1. Audit plan of the Company from April to June 2024 2. Internal Audit Check Progress Report 3. Internal auditors' and substitutes on-the-job training report 	All independent directors have no objection
2024/05/06	<ol style="list-style-type: none"> 1. Internal audit and verification report of the company from February to March 2024 2. Internal Audit Check Progress 3. Internal auditors' and substitutes on-the-job training report 	All independent directors have no objection
2024/03/04	<ol style="list-style-type: none"> 1. Internal audit and verification report of the company from October 2023 to January 2024 2. Internal Audit Check Progress 3. Result of the Internal Control System Self-Assessment in 2023 	All independent directors have no objection

(II) Communication Policy between Independent Directors and Accountants:

1. Usually, a Certified Public Accountant/CPA meets directly with the independent director as needed. In addition to at least one annual meeting for communication, the accountant also uses written documents, telephone calls or emails to communicate with the independent director. The communication should be good.
2. Certified Public Accountant/CPA may report and communicate to independent directors on the overall impact of recent additions or amendments to the Act on the Company.

Date	Communication	Independent Directors' Opinion
2024/03/04	<ol style="list-style-type: none"> 1. 2023/Q4 Communication with Governance Body after Audit 2. Audit Quality Indicators (AQIs) 	All independent directors have no objection

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

Note 2:

- (1) Where a director supervisor leaves office before the end of the year, the date of separation shall be indicated in the notes column. The actual outgoing (listed) seat rate (%) shall be calculated based on the number of meetings of the Board of Directors during the period of their office and the number of outgoing (listed) seats.
- (2) Before the end of the year, if there is a replacement director and supervisor, both the new and the old director or supervisor should be filled in, and the date of the old, new, or re-elected and the re-election date should be indicated in the note column. The actual attendance rate (%) is calculated based on the number of actual attendance during their tenure.

2. Evaluation of the Board:

The Company has established a performance appraisal system for the Board of Directors, and on November 13, 2020, the Board of Directors adopted the Performance Appraisal Measures for the Board of Directors in order to give full play to the self-promotion of the members of the Board of Directors and enhance the functioning of the Board of Directors. The performance evaluation of the internal Board of Directors is carried out once a year, and the internal self-evaluation and directors' self-evaluation of the Board of Directors are carried out after the end of the year. The evaluation results are reviewed and presented to the Board of Directors before the end of the first quarter of the following year; the performance evaluation of the 2024 annual Board of Directors is reported by the Board of Directors on March 3, 2025.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
Once a year	From: January 1, 2024 To: December 31, 2024	Board of Directors	Internal self-assessment of the Board of Directors	Includes 5 major dimensions and 45 assessment items, self-evaluated by the CFO of the Finance and Accounting Department. Statistical results 1. Participation in the company's operation (12 questions): gave positive reviews. 2. Improving the quality of the Board of Directors decision-making (12 questions): gave positive	The Board of Directors and the operating team are functioning well, and each performance appraisal project can meet the set indicators. Each director can be competent and fulfill the responsibilities.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>reviews.</p> <p>3. Composition and structure of the Board of Directors (7 questions): gave positive reviews.</p> <p>4. Election and continuing education of the directors (7 questions): gave positive reviews.</p> <p>5. Internal control (7 questions): gave positive reviews.</p>	
Once a year	<p>From: January 1, 2024 To: December 31, 2024</p>	Individual Director Members	Self-assessment of Directors	<p>Includes six major aspects and 23 assessment items, self-evaluated by 9 directors (including 3 independent directors). Statistical results</p> <p>1. Alignment of the goals and missions of the company (3 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>2. Awareness of</p>	Nine directors (including three independent directors) gave positive reviews.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>the Duties of a Director (3 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>3. Participation in the company's operation (8 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>4. Internal relationships and communication (3 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>5. Director's professionalism and continuing education (3 questions): Both Directors and Independent Directors gave positive reviews.</p> <p>6. Internal control (3 questions):</p>	

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				Both Directors and Independent Directors gave positive reviews.	
Once a year	From: January 1, 2024 To: December 31, 2024	Functional Committee 【Remuneration Committee】	Self-assessment of Directors	<p>Remuneration Committee: Includes 5 major dimensions and 26 assessment items, self-evaluated by three Committee members.</p> <p>Statistical results:</p> <ol style="list-style-type: none"> 1. Participation in the company's operation (4 questions): Committee members gave positive reviews. 2. Functional Committee Responsibilities Awareness (8 questions): Committee members gave positive reviews. 3. Improving the quality of the Functional Committee decision-making (7 questions): Committee members gave positive reviews. 	All three members gave positive reviews.

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>4. Composition and Election of Functional Committee (4 questions): Committee members gave positive reviews.</p> <p>5. Internal control (3 questions): Committee members gave positive reviews.</p>	
Once a year	<p>From: January 1, 2024 To: December 31, 2024</p>	<p>Functional Committee 【Audit Committee】</p>	Self-assessment of Directors	<p>Audit Committee: Includes 5 major dimensions and 26 assessment items, self-evaluated by three Committee members. Statistical results:</p> <p>1. Participation in the company's operation (4 questions): Committee members gave positive reviews.</p> <p>2. Functional Committee Responsibilities Awareness (8 questions): Committee members gave positive reviews.</p>	<p>All three members gave positive reviews.</p>

Assessment cycle (Note 1)	Assessment period (Note 2)	Scope of assessment (Note 3)	Evaluation method (Note 4)	Assessment content (Note 5)	Result of Assessment
				<p>3. Improving the quality of the Functional Committee decision-making (7 questions): Committee members gave positive reviews.</p> <p>4. Composition and Election of Functional Committee (4 questions): Committee members gave positive reviews.</p> <p>5. Internal control (3 questions): Committee members gave positive reviews.</p>	

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

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

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

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

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

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

3. Setting of Corporate Governance Supervisor:

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

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

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

Corporate Governance Supervisor Training Situation:

Name	Date	Name of program	Training Units	Hours
Luo, Jia-Ling	2024.05.14	[Carbon Credit Trading Mechanisms and Carbon Management Applications] - Series of Courses for Directors, Supervisors, and Corporate Governance Officers	Securities and Futures Institute	3 hours
	2024.09.26	[Breach of Trust by Directors and Supervisors and the Constitutive Elements of Special Breach of Trust Offenses] - Series of Courses for Directors, Supervisors, and Corporate Governance Officers	Securities and Futures Institute	3 hours
	2024.10.24	[New ESG Trends in Labor Relations - Practical Approaches to Labor and Human Rights Management in Sustainable Supply Chains] - Series of Courses for Directors, Supervisors, and Corporate Governance Officers	Securities and Futures Institute	3 hours
	2024.11.13	[Challenges and Opportunities in Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory] - A Series Course for Directors, Supervisors, and Corporate Governance Executives.	Securities and Futures Institute	3 hours

(II) Audit committee operation:

1. Responsibilities:

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

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

2. Audit Committee Membership Profile:

Identity	Qualifications	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
	Name			
Independent Director (Convener)	Guo, Dong-Long	<ul style="list-style-type: none"> • Independent Director of Union Commercial Bank Plc. • Independent Director of the Company • Former General Manager of E.Sun Commercial Bank, Ltd. • Former Chairman of E. Sun Venture Capital Co. Ltd. • There are no cases under Article 30 of the Company Act. 	1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time	1

Qualifications		Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
Identity	Name			
			<div>of his or her election).</div> <div>2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies.</div> <div>3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises.</div>	
Independent Director	Nian, Xiao-Jing	<div><div><div>• Adjunct Assistant Professor at National Yang Ming Chiao Tung University and National Taiwan University</div><div>• Chief Executive Officer of the Liver Disease Prevention & Treatment Research Foundation</div><div>• Chief Executive Officer, Good Liver Foundation</div><div>• Executive Director of the Taiwan Health Foundation</div><div>• Adjunct Assistant Professor of National Taiwan University</div></div></div>	<div>1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election).</div>	N/A

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

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

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

Title	Name	Attendance in Person (B)	Numbers of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Term
Independent Director (Convener)	Guo, Dong-Long	5	0	100%	2022.06.14~2025.06.13
Independent Director	Lin, Hao-Sheng	5	0	100%	2022.06.14~2025.06.13
Independent Director	Nian, Xiao-Jing	5	0	100%	2022.06.14~2025.06.13

Other mentionable items:

- I. In any of the following circumstances, the operation of the Audit Committee shall specify the date of the Audit Committee, the period, the content of the proposal, the objections of independent directors, the content of reservations or major recommendations, the results of the resolutions of the Audit Committee and the Company's handling of the opinions of the Audit Committee. (1) The matters listed in Article 14-5 of the Securities and Exchange Act. (2) Except for the matters previously opened, other matters not passed by the Audit Committee but resolved with the consent of more than two-thirds of all directors:** The Company does not have such a situation. For detailed information on the meeting, please refer to the fourth point of other matters to be recorded.
- II. The independent directors shall state the name of the independent directors, the contents of the proposal, the reasons for avoiding the interests and the circumstances of voting: The Company does not have such circumstances.**
- III. Communication between independent directors and internal auditors and accountants (including major matters, methods and results of communication on the financial and business conditions of the company):**
- Audit supervisors should communicate directly with independent directors as needed, at least once a year, and the communication is good.
 - In addition to the audit reports received by the independent directors of the Company on a monthly basis, the audit supervisor also separately reports the important business of the Company to the independent directors before each audit committee meeting, and has fully communicated the performance and effectiveness of the audit business.
 - Usually, a Certified Public Accountant/CPA meets directly with the independent director as needed. In addition to the meeting, the accountant also uses written documents, telephone calls or emails to communicate with the independent director. The communication should be good.
 - Certified Public Accountant/CPA may report and communicate to independent directors on the overall impact of recent additions or amendments to the Act on the Company.
- IV. The most recent annual meeting of the Audit Committee is as follows:**

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	All members object or reserve opinions	The company's handling of the audit committee's opinions
2024/11/11	<ol style="list-style-type: none"> Internal Audit Business Report The Company's 2024 performance report on integrity management Report on the implementation of the Company's 2024 intellectual property management plan Progress Report on the 	The chairman approved each proposal after asking all members to attend without objection and submitted it to the Board of Directors for discussion.	The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.	N/A	N/A

		Company's Greenhouse Gas Inventory and Verification Schedule 5. Financial statements for the third quarter of 2024 6. Application for extension and renewal of the short-term working capital credit line with Chang Hwa Bank 7. Amendments to part of the "Corporate Governance Best Practice Principles" and "Internal Significant Information Processing Procedures" 8. Proposed to establish the "Sustainable Information Management Guidelines" and the "Procedures for the Preparation and Assurance of Sustainability Reports" Proposed to amend the Company's internal control system and internal audit system 9. 10. 2025 annual internal audit plan of the Company				
	2024/11/11	1. Proposal for the change of the signing CPA in line with the internal rotation policy of the CPA firm, and the assessment of the independence and competence of the CPA	Each proposal was approved with the consent of all attending committee members as confirmed by the Chairperson	Submitted to the Board of Directors and approved with the consent of all attending directors	N/A	N/A
	2024/08/01	1. Internal Audit Business Report 2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule 3. Financial statements for the second quarter of 2024 4. Application to Entie Commercial Bank for international non-recourse accounts receivable factoring 5. Application for non-recourse accounts receivable with Cathay Pacific Commercial Bank	The chairman approved each proposal after asking all members to attend without objection and submitted it to the Board of Directors for discussion.	The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.	N/A	N/A
	2024/05/06	1. Internal Audit Business Report 2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule 3. Independent Director Qualification Review Report During the Term of Office 4. Financial statements for the first quarter of 2024 5. Purchase 2024 liability	The chairman approved each proposal after asking all members to attend without objection and submitted it to the Board of Directors for discussion.	The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.	N/A	N/A

		insurance for directors of the Company. 6. Intend to submit an application for a credit line with the Business Department of the Taiwan Business Bank				
2024/03/04	1. Internal Audit Business Report 2. Progress Report on the Company's Greenhouse Gas Inventory and Verification Schedule 3. 2023 Annual Performance Evaluation Report of the Board and Functional Committee 4. The Company changed its CPAs starting from the first quarter of 2024. 5. The Company's 2024 Annual Financial Report on the Appointment, Compensation and Independence and Competency Assessment of CPAs. 6. 2023 Financial Statements 7. 2023 Profit Distribution 8. 2023 Business Report 9. 2022 Statement of Internal Control System 10. Matters related to the 2024 ordinary shareholders' meeting.	The chairman approved each proposal after asking all members to attend without objection and submitted it to the Board of Directors for discussion.	The bills have been submitted to the Board for discussion and approved by the Chairman in consultation with other attending directors without objection.	N/A	N/A	

Please refer to the company website information:

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

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

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

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

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

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors develop and implement a diversity guideline for the composition of its members?	V		(I) The composition of the Company's Board of Directors includes industry experience, financial, accounting, and work experience required for the business of the Company.	N/A
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration and Compensation Committee and Audit Committee?		V	(II) The Company has established the Remuneration Committee and the Audit Committee and various other functional committees, which the Board of Directors will set according to the size of the Board of Directors and the number of independent directors.	N/A
(III) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		(III) On November 13, 2020, the Board of Directors approved the Board's performance appraisal measures. The Board of Directors should establish that a performance evaluation of the Board of Directors, board members, Remuneration Committee, and Audit Committee should be conducted at least once a year. Internal evaluation should be conducted at the end of each fiscal year, assessing the performance of the current year according to this method, and the Board of Directors' performance appraisal for the year 2023 was completed and announced before the first quarter of 2024. For details on the implementation of the Board performance evaluation, please refer to pages 29-34 of the Annual Report.	N/A
(IV) Does the company regularly evaluate the independence of the CPAs?	V		(IV) The Company regularly assesses the independence of Certified Public Accountants/CPAs. In accordance with Article 29 of the Corporate Governance Best Practice	N/A

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
			Principles for TWSE/TPEX Listed Companies, and Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 to establish the independent assessment list. Conduct the evaluation with reference to Audit Quality Indicators (AQIs). The assessment results of the most recent fiscal year were discussed and approved by the Audit Committee on March 8, 2023, and subsequently submitted to the Board meeting on March 8, 2023, for the board's resolution on the accountant's independence and suitability assessment.	
IV. Do Listed companies appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		Chief Financial Officer and the Finance Department positioned part-time in the Company. Corporate Governance Supervisor Setup, Annual Report, page 35.	N/A
V. Has the company established a communication channel with stakeholders, set up a stakeholder section on the company's website, and responded appropriately to	V		Stakeholder communication channels have been set up on the company's website at the following address: https://www.yuan.com.tw/zh-tw/investor/stakeholders	No significant difference.

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
important corporate social responsibility issues of concern to stakeholders?				
VI. Does the company appoint a professional shareholder service agency to deal with Shareholders' Meeting affairs?	V		The Company appoints the Securities Agency Department of Capital Securities Corp., Ltd. to handle the procedures.	N/A
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	V		(I) The financial report, corporate governance code of practice, code of good faith and code of ethical conduct have been posted on the Company's website.	N/A
(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has an English-language website and designated staff responsible for the collection and disclosure of the Company's information and a spokesperson and a proxy spokesperson for external information dissemination.	N/A
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	(III) Currently reported within three months after the end of the year as required.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the			(I) Employee benefits: handled following the provisions of the Labor Standards Act.	

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
Company's corporate governance practices (e.g., including but not limited to employee rights, staff care, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors)?	V		<p>(II) Staff Care:</p> <p>(1) Handle staff health insurance and group insurance.</p> <p>(2) Provision for retirement pensions shall be made in accordance with the law.</p> <p>(3) Establishment of Occupational Welfare Committee.</p> <p>(4) Establish on-site medical services.</p> <p>(III) Investor Relations: There is also a spokesperson and a dedicated mailbox to deal with shareholder suggestions, doubts or disputes.</p> <p>(IV) Supplier Partnership: The Company maintains an excellent cooperative relationship with the Supplier and enters into a cooperation contract and sustainability commitments to safeguard the rights and obligations of both parties and to ensure sustainable development.</p> <p>(V) Stakeholder's interests: Market Observation Post System regularly disclose financial and business-related information.</p> <p>(VI) Further director and supervisor training: planning relevant director training courses.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has internal auditors who regularly check compliance with various rules and regulations and implement policies in cooperation with relevant laws and regulations to reduce and avoid any possible risks.</p> <p>(VIII) Implementation of the customer policy: The Company</p>	No significant difference.

Evaluation Item	Status of Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and reasons thereof
	Yes	No	Summary Description	
			<p>has business personnel dedicated to all customers, who respond to customer needs promptly and maintain a stable and good relationship with customers.</p> <p>(IX) Where the Company purchases liability insurance for directors: The Board of Directors approved the purchase of liability insurance for directors of the Company on May 3, 2023, which includes an annual assessment of the insured amount and the completion of the renewal process.</p>	
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.	V		The Company has completed the Corporate Governance Evaluation System for 2023.	N/A

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

(IV) Remuneration Committee Composition, Responsibilities and Operation:

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

2. Committee member:

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

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

Identity	Qualifications	Professional qualifications and experience	Independence situation.	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee
	Name			
Independent Director	Lin, Hao-Sheng	<ul style="list-style-type: none"> • SKYWORKS Cellphone Baseband design house manager director • Deputy General Manager of Business Department of Nanjia Co., Ltd. • Independent Director of the Company • There are no cases under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Upon assuming office, an independent director of the Company shall complete a declaration of independence and have the Company report to the competent authorities the qualifications of the independent director (at the time of his or her election). 2. The independent director complies with the provisions of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. 3. I, my spouse, my relatives within the second degree of kinship, etc., do not serve as a director, supervisor or employee of the Company or its affiliated enterprises. 	N/A

3. Responsibilities:

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

The Remuneration Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. However, the recommendation on the compensation of the Supervisor shall be submitted to the Board of Directors for discussion, to the extent that the remuneration of the Supervisor is stipulated in the Articles of Incorporation or authorized by resolution of the Board of Shareholders' Meeting:

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

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

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

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

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

4. Operating conditions:

- (1) The Company's Remuneration Committee consists of three members, all of whom are independent directors.
- (2) The term of office of the current member: from June 14, 2022, to June 13, 2025, the most recent 2024 annual Remuneration Committee held two meetings (A), the membership and attendance are as follows:

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

Other mentionable items:

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

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

This is not the case for the Company.

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

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	All members object or reserve opinions	The Company's response to the opinion of the Remuneration Committee
2024/11/11	1. Review the Company's 2024 annual manager's year-end bonus payment plan. 2. Review the policies,	The chairman approved each proposal	Various proposals have been submitted to the Board of Directors for	N/A	N/A

		systems, standards and structure of performance appraisal and compensation for directors and managers. 3. Discussion on the Company's remuneration committee's work plan for the year 2025.	after asking all members to attend without objection and submitted it to the Board of Directors for discussion.	discussion. Proposals that should avoid interests have been passed without objection by other attending directors after the relevant stakeholders have left the meeting before voting.		
2024/03/04	1. Review of various remuneration projects to be implemented by the Company in 2024. 2. Review the scope of the applicable Managers that the Company should submit to the Remuneration Committee for a pre-remuneration review. 3. Review the remuneration distribution of directors of the Company in 2023. 4. Review the amount of managerial employee remuneration of the Company in 2023. 5. Review the performance appraisal exercise for directors and managers and the annual salary increase plan for managers.	The chairman approved the bills after asking all the present members not to object.	Various proposals have been submitted to the Board of Directors for discussion. Proposals that should avoid interests have been passed without objection by other attending directors after the relevant stakeholders have left the meeting before voting.	N/A	N/A	

Please refer to the Company's website:

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

Notes:

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

5. Remuneration Policy:

The Company's remuneration policies, standards, portfolios and procedures for determining remuneration shall be implemented mainly following the Company's personnel rules and regulations and the Remuneration Committee Organizational Rules. Directors' and employees' remuneration shall be appropriated in proportion to the provisions of the Articles of Incorporation, approved by the Remuneration Committee and submitted to the Board of Directors for approval before being reported to the

Shareholders' Meeting. Remuneration for directors and managers is based on industry standards, taking into account individual performance, the Company's operating results and the reasonableness of the correlation with future risks. Remuneration for employees is allocated based on industry standards, the competitive position of the Company's talents in the industry, the Company's overall operating results and profitability, budget planning, performance review and evaluation of future operating risks.

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

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	V		A Sustainability Development Task Force has been established, with the President serving as the Chairperson. The committee chair is required to report annually to the Board of Directors on the implementation results and future plans related to sustainability development. The Board reviews the implementation content and direction, and supervises the management team to make adjustments when necessary.	
II. Does the Company conduct a risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)		V	No Corporate social responsibility/CSR policy or system is in place.	The needs have been assessed, and further actions will be conducted according to practical discussions.
III. Environmental issues (I) Does the company establish proper	V		The Company is not classified as a major source of environmental emissions. In compliance with	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
environmental management systems based on the characteristics of their industries?			government regulations and to avoid environmental pollution, all procured items conform to RoHS standards.	
(II) Is the company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	V		The Company improved the efficiency of utilizing various resources to achieve the reduction of raw materials and waste to reduce the impact on the environment.	N/A
(III) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take relevant response measures?	V		Please refer to "Implementation of climate-related information"	N/A
(IV) Has the company compiled statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years, and formulated greenhouse gas reduction, water use reduction, or other waste management policies?	V		<ul style="list-style-type: none"> ● GHG emissions <p>The Company has voluntarily conducted greenhouse gas emissions inventories for the past two years:</p> <p>2023</p> <p>Scope 1: 7.2144 metric tonsCO_2e</p> <p>Scope 2: 143.6063 metric tonsCO_2e</p> <p>2024</p> <p>Scope 1: 6.3257 metric tonsCO_2e</p> <p>Scope 2: 142.2088 metric tonsCO_2e</p>	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>In accordance with the "Sustainability Development Roadmap for TWSE and TPEX Listed Companies," the Company will disclose its reduction targets, strategies, and specific action plans for 2027, using no later than 2026 as the base year.</p> <ul style="list-style-type: none"> ● Water Consumption <p>The Company's primary business is office-based, with manufacturing outsourced. Water usage consists mainly of employees' daily needs and is included in building management fees; therefore, it is not identified as a material topic. Nonetheless, the Company has voluntarily calculated water usage based on the formula: total annual water consumption of the commercial building x (Company's office area/total building area). The estimated water consumption is 1.9854 million liters in 2023 and 1.9282 million liters in 2024. To conserve water resources, the Company continues to encourage the adoption of water-saving measures in the building.</p>	

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>● Waste Management</p> <p>The Company's primary business is office-based, with manufacturing outsourced. The Company's waste is mainly daily office waste generated by employees and is handled centrally by the commercial building management; thus, it is not identified as a material topic. However, the Company estimates general waste generation using the Environmental Protection Administration's national average per capita daily general waste coefficient x headcount as of 12/31 x number of workdays x actual working hours ratio (total actual work hours/total scheduled work hours). In addition, 0.92 metric tons of electronic waste (inventory write-offs) were disposed of in 2024. Accordingly, the total general waste was 15.4573 metric tons in 2023 and 17.6787 metric tons in 2024. To reduce waste, the Company promotes double-sided printing and encourages the reduction of single-use utensils.</p>	
IV. Social issues (I) Does the company formulate appropriate management policies and	V		The Company shall formulate the working rules following the relevant labor laws and regulations and submit them to the competent authority for	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
procedures according to relevant regulations and the International Bill of Human Rights?			review.	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		The Company's welfare policies are compliant with the statutes.	N/A
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		Regularly inspect the safety of the working environment.	N/A
(IV) Does the company establish effective career development and training plans for its employees?	V		The company encourages employees to further their studies and proposes to establish career development training plans.	No significant difference.
(V) Does the Company comply with relevant laws and international standards in relation to customer health	V		The Company has designated staff and business email addresses to deal with customer rights and interests issues and deal with customer needs	N/A

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?			promptly. The Company has established a customer complaint channel in the stakeholder section of the Company's website along with a mechanism to properly handle complaints and track responses.	
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?		V	<p>The Company will depend on the actual situation and intensify its engagement with the leading suppliers to include the termination or rescission of the terms of the contract at any time if the supplier is involved in a violation of its corporate social responsibility policy and has a significant impact on the environment and society.</p> <p>The Company also plans to distribute supplier sustainability assessment questionnaires annually to evaluate suppliers' environmental, social, and governance performance.</p>	No significant difference.
V. Does the company make reference to international standards or guidelines for the preparation of reports, such as the Corporate Sustainability Report, that disclose non-financial information about the company?	V		Currently, in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the Company is preparing its 2024 Sustainability Report, which is	The Company continues to monitor the results of the Sustainability Report and will consider obtaining third-party assurance in the future.

Promoted Items	Execution Scenarios (Note 1)			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
Are the reports certified or assured by a third-party accreditation body?			expected to be published before August 31, 2025. Third-party assurance has not yet been conducted.	
<p>VI. If the company has its code of practice for sustainable development following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe how its operation differs from the code: The Company has established a "Sustainable Development Best Practice Principles" which remains in effect.</p>				
<p>VII. Other important information for understanding the implementation of sustainable development: The International CSR & Sustainability (ICS) Summit 2021 will be held by video in the context of the COVID-19 epidemic. They will recognize outstanding companies and business leaders in seven categories: corporate governance, health promotion, human investment, green leadership, social development, circular economy leadership, and responsible business leadership awards. In October 2020, our Vice Chairman, Mr Li, Yao-Kui, led the entire staff to organize free hepatitis and liver cancer screening program with Taipei Long-Shan Temple, Taiwan Liver Disease Research Foundation, and Realtek Semiconductor Corp. to help early detection and treatment of hepatitis B and C carriers and to raise awareness of liver cancer prevention. This initiative received accolades from the judges and was honored with the Health and Hygiene Promotion Award. Furthermore, it achieved a Guinness World Record with over 10,000 individuals completing the health questionnaire within a span of 12 hours. In the future, the Company will integrate internal resources and expertise, and we hope to join hands with various enterprises in Taiwan to set an example for others to follow on the way to growth, to promote the good social cycle through various public welfare activities, and to carry forward the sustainable spirit of Taiwan enterprises!</p>				

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

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

2. Implementation of climate-related information

Item	Implementation Status						
<ol style="list-style-type: none"> Describe the Board's oversight and the management's role in assessing and managing climate-related risks and opportunities. Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning (over the short, medium, and long term). Describe the impact of extreme weather events and transition actions on the Company's finances. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management. If scenario analysis is used to assess the resilience of the Company's business strategy to climate-related risks, disclose the scenarios considered, including parameters, assumptions, and analytical choices, and the projected principal financial impacts on the Company's business strategy under each scenario. If a transition plan has been adopted as part of the Company's climate-related risk management strategy, describe the plan, including relevant metrics and targets used to identify and manage physical and transition risks. If an internal carbon price is used as a planning tool, disclose the rationale for selecting the internal carbon price. If any climate-related targets have been set, disclose the scope of activities and emissions included in the target, the defined time horizon of the target, and information demonstrating any progress toward achieving these targets each year. 	<ol style="list-style-type: none"> YUAN High-Tech has formed an ESG Task Force chaired by the President, which regularly reports climate change-related issues and execution status to the Board of Directors. and 3. <table border="1" data-bbox="1352 560 2110 1433"> <tr> <td data-bbox="1352 560 1473 1206">Short-term</td><td data-bbox="1473 560 2110 1206"> <p>Transition Risks: Changes in local regulations where YUAN High-Tech operates may increase operational costs.</p> <p>Physical Risk: (1) High Temperature. (2) Water shortage. (3) Power restrictions. (4) Typhoons and floods.</p> <p>Opportunities: By initiating GHG inventories prior to 2026 and conducting annual inventories thereafter, with 2025 set as the base year, the Company adopts rolling management to reduce energy consumption.</p> </td></tr> <tr> <td data-bbox="1352 1206 1473 1369">Mid-term</td><td data-bbox="1473 1206 2110 1369"> <p>Transition Risk: Reduced customer demand may decrease YUAN High-Tech's orders.</p> <p>Opportunity: Improve resource efficiency.</p> </td></tr> <tr> <td data-bbox="1352 1369 1473 1433">Long-</td><td data-bbox="1473 1369 2110 1433"> <p>Transition Risk: Increased R&D expenditure</p> </td></tr> </table> 	Short-term	<p>Transition Risks: Changes in local regulations where YUAN High-Tech operates may increase operational costs.</p> <p>Physical Risk: (1) High Temperature. (2) Water shortage. (3) Power restrictions. (4) Typhoons and floods.</p> <p>Opportunities: By initiating GHG inventories prior to 2026 and conducting annual inventories thereafter, with 2025 set as the base year, the Company adopts rolling management to reduce energy consumption.</p>	Mid-term	<p>Transition Risk: Reduced customer demand may decrease YUAN High-Tech's orders.</p> <p>Opportunity: Improve resource efficiency.</p>	Long-	<p>Transition Risk: Increased R&D expenditure</p>
Short-term	<p>Transition Risks: Changes in local regulations where YUAN High-Tech operates may increase operational costs.</p> <p>Physical Risk: (1) High Temperature. (2) Water shortage. (3) Power restrictions. (4) Typhoons and floods.</p> <p>Opportunities: By initiating GHG inventories prior to 2026 and conducting annual inventories thereafter, with 2025 set as the base year, the Company adopts rolling management to reduce energy consumption.</p>						
Mid-term	<p>Transition Risk: Reduced customer demand may decrease YUAN High-Tech's orders.</p> <p>Opportunity: Improve resource efficiency.</p>						
Long-	<p>Transition Risk: Increased R&D expenditure</p>						

<p>If carbon offsets or renewable energy credits or certificates (RECs) have been used to achieve climate-related targets, disclose the source and amount of the offsets or the amount of generated renewable energy represented by the RECs.</p> <p>9. Greenhouse gas inventory and assurance</p>	<table border="1" data-bbox="1355 156 2114 370"> <tr> <td data-bbox="1355 156 1473 370">term</td><td data-bbox="1473 156 2114 370"> by YUAN High-Tech. Opportunity: Develop new products/technologies with lower energy consumption to meet customer demands. </td></tr> </table> <p>4 & 5. In line with industry characteristics, YUAN High-Tech has identified the following risks and formulated corresponding action plans:</p> <p>4.1 Response to Transition Risks:</p> <p>(1) Monitor regulatory updates in real time; assess compliance and implement necessary measures to ensure adherence.</p> <p>(2) Integrate the concept of reducing environmental impact into all stages of the product life cycle; collaborate with upstream and downstream industries to develop energy-saving products.</p> <p>4.2 Response to Physical Risks: Continue monitoring energy usage, collect relevant data, and implement improvements to mitigate risks to a controllable level.</p> <p>4.3 Response to Climate Opportunities: Continue to focus on energy-saving technologies.</p> <p>6.1 Product Energy Consumption Improvements: In line with government policies, YUAN High-Tech's R&D</p>	term	by YUAN High-Tech. Opportunity: Develop new products/technologies with lower energy consumption to meet customer demands.
term	by YUAN High-Tech. Opportunity: Develop new products/technologies with lower energy consumption to meet customer demands.		

	<p>department incorporates energy-saving designs and continuously improves and innovates energy efficiency performance.</p> <p>6.2 GHG Emission Reduction: Although currently not required to disclose, YUAN High-Tech will conduct a GHG inventory for 2025 in 2026.</p> <p>6.3 The computer and peripheral equipment industry is not among the early-stage CBAM taxable industries; YUAN High-Tech continues to monitor related developments.</p> <p>7. Internal carbon pricing has not yet been implemented but will be evaluated for feasibility in the future.</p> <p>8. A GHG inventory for 2025 is planned for execution in 2026, followed by an evaluation of reduction plans based on the results.</p> <p>9. Third-party assurance has not yet been obtained.</p>
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(VI) Ethical Corporate Management and Deviations from “Ethical Corporate Management Best Practice Principles for Listed Companies” and Reasons

1. In order to ensure that the relevant standards such as integrity and ethics and operating procedures formulated by the Company are handled in accordance with the regulations, an audit room shall be set up every year to perform audits in accordance with the internal control system and establish a mutual supervision and checks and balances mechanism.
2. When the new personnel of the Company report, they will explain in the new personnel training briefing that the Company and the relevant standards of integrity and ethics should be followed, and the management and department heads will continue to advocate and promote the relevant integrity management policies of the Company at departmental meetings, production and marketing meetings, etc. from time to time to explain the importance of integrity management.
3. In order to implement and ensure the implementation of the whistleblowing system, the Company may directly report the whistleblowing system to the supervisors and personnel supervisors of each unit through the personal email of employees; and implement the implementation of the whistleblowing system by establishing the whistleblowing pipeline of relevant stakeholders on the Company's internal website.
4. The Company promotes corporate integrity, which is promoted and enforced by the Finance Department and reported to the Board of Directors on a regular basis.
5. The Company did not violate the relevant norms of the Code of Business Integrity in 2024, and reported to the Board of Directors on November 11, 2024.
6. Education and Training Situation:

Date	Name of program	Training Units	Name	Hours
2024.09.26	“Breach of Trust by Directors and Supervisors and the Constitutive Elements of Special Breach of Trust Offenses”	Securities and Futures Institute	Luo, Jia-Ling	3 hours

7. Fulfillment of the integrity of the business situation

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

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
<p>Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?</p>	V		<p>Companies" or other business areas.</p> <p>(III) To implement the management philosophy and policy of integrity, the Company has standardized and implemented the operating procedures, behavior guidelines, education and training, and disciplinary and complaint systems for violations of the "Code of Conduct for Integrity".</p>	(III) N/A
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> <p>(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate</p>	V		<p>(I) The Company has signed a confidentiality agreement with all of our customers.</p> <p>(II) The Company promotes corporate integrity, which is promoted and enforced by the Finance Department and reported to the Board of Directors on a regular basis.</p>	<p>(I) N/A</p> <p>(II) N/A</p>

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
management policies and prevention programs on a regular basis (at least once a year)?				
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) The Company has established a "Code of Integrity" and a "Code of Ethical Conduct", and has specified policies to prevent conflicts of interest and provide appropriate channels of representation.	(III) N/A
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		(IV) The Company's internal audit unit reports regularly to the Board of Directors and the President on any internal control deficiencies or irregularities identified.	(IV) N/A
(V) Does the company regularly hold internal and external training on ethical corporate management?		V	(V) The Company has established the "Code of Conduct for Integrity", which specifies the matters to which the Company's personnel should pay attention in conducting business	(V) No significant difference

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
			and will plan to hold regular education and training.	
III. Operation of the whistle-blowing system (I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Does the company establish standard operating procedures for investigating complaint matters and related confidentiality mechanisms? (III) Does the company provide protection for whistle-blowers against receiving improper treatment?	V V V		(I) The Company's employees can report through the employee mailbox and directly respond to the direct supervisor and personnel director. (II) The Company's "Code of Conduct for Integrity" specifies the standard operating procedures for investigating complaint matters and the related confidentiality mechanism. (III) The Company's "Code of Conduct for Integrity" stipulates that the identity of the informers and the contents of the report shall be kept confidential.	(I) N/A (II) N/A (III) N/A
IV. Enhanced disclosure of ethical corporate management information Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and	V		The Company has disclosed information about the Company's integrity management on the Market Observation Post System and the Company's Code of Conduct on its website at the following address: https://www.yuan.com.tw/zh-tw/invest0r/c0rp0rate-integrity	No significant difference.

Evaluation Item	Status of Operations (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for Listed Companies" and Reasons
	Yes	No	Summary Description	
MOPS?				
V. If the company has its code of ethical management following the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe how its operation differs from the code: There is no significant difference yet.				
VI. Other important information for understanding the Company's integrity operations (e.g., the Company's review of amendments to its Code of Conduct on Integrity): None.				

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

(VII) If the company has formulated a corporate governance code and related rules, it should disclose its inquiry method: the integrity management code has been uploaded to the company's website.

(<https://www.yuan.com.tw/zh-tw/investor/important-internal-regulations>)

(VIII) Other important information sufficient to improve the understanding of the operation of corporate governance must be disclosed together with: None.

(IX) Status of Internal Control System

1. Statement of Internal Control System

YUAN High-Tech Development Co., Ltd.

Statement on Internal Control

Based on the results of self-inspection, the internal control system of the Company in 2024 is hereby declared as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established Company's internal control system. The purpose of ICS is to provide reasonable guarantee for achieving the effect and efficiency of operation (including profits, performance, and protection of assets safety etc.), as well as the reliability, timeliness, transparency and compliance of reports with relevant laws and rules.
- II. The internal control system has its innate limitations, no matter how perfect the design, the effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and, due to changes in the environment and circumstances, the effectiveness of the internal control system may change. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company makes judgments on whether the design and implementation of the ICS are effective in accordance with the judgments items of effectiveness of ICS in the Criteria for Publicly Owned Corporation to Build Internal Control System (hereinafter referred to as the Criteria). The Regulations adopt judgment criteria of the internal control system that follows the management control process, divided into five key elements: 1. control environment, 2. evaluation of risk and feedback, 3. control operation, 4. information and communication, and 5. supervision. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has effectively evaluated its internal control system by adopting the above mentioned internal control system judgment criteria.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that the internal control system of the Company as of December 31, 2024, includes the supervision and management of subsidiaries, including the design and implementation of the internal control system to understand the degree to which the operational effect and efficiency objectives are achieved, and the reporting is reliable, timely, transparent and in compliance with relevant standards and relevant laws and regulations is effective, and it can reasonably ensure the achievement of the above objectives.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. If the above disclosure is false or concealed, it will involve the legal liabilities of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was passed by the Board of Directors of the Company on March 3, 2025. 0 of the 9 directors present held opposing opinions, and the rest all agreed with the contents of this statement, and this statement.

YUAN High-Tech Development Co., Ltd.



Chairman: Zhao, Xi-Zheng Signature and Seal



General Manager: Hong-Pei Lin Signature and Seal



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

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

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

1. Board of Directors

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
2024.03.04	<ol style="list-style-type: none"> Internal audit report from October 2023 to January 2024. Progress report on the company's greenhouse gas inventory and verification schedule planning. 2023 Annual Performance Evaluation Report of the Board and Functional Committee. The Company changed its CPAs starting from the first quarter of 2024 and requested for approval. The Company's 2024 Annual Financial Report on the Appointment, Compensation and Independence and Competency Assessment of CPAs was submitted for discussion. 2023 Financial Statements Proposed for Discussion. 2023 Earnings Distribution Proposed for Discussion. 2023 Business Report Proposed for Discussion. 2023 Statement of Internal Control System, for discussion. Matters related to the 2024 ordinary shareholders' meeting are scheduled to be held for discussion. The compensation proposals resolved by the Remuneration Committee are presented for discussion. 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> The audit was completed and reported to the Board of Directors. It has been implemented according to the schedule after the resolution of the Board of Directors. The performance evaluation has been completed and reported to the competent authorities. -5. The 2024 financial statements have been audited and certified by Certified Public Accountant/CPA Lin, Po-Chuan and Xu, Yong-Jian. Their independence and suitability have been assessed to be in order. 6.~8. Approved by all the attending directors without objection, to be submitted to the shareholders' meeting for recognition. Approved by all the attending directors without objection. 	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
			<p>10. After the resolution, various shareholders' meetings have been arranged.</p> <p>11. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		
2024.05.06	<ol style="list-style-type: none"> Internal Audit Report for February to March 2024. Progress report on the company's greenhouse gas inventory and verification schedule planning. The corporate governance officer reports the results of the review regarding whether the qualifications of independent directors during their tenure comply with relevant laws and regulations. 2024 first quarter Financial Statements are presented for discussion. Purchase 2024 liability insurance for directors and supervisors of the Company for approval. Intend to submit an application for a credit line with the Business Department of the Taiwan Business Bank. 	After consulting all the directors present without any objection, the Chairman passed each bill.	<ol style="list-style-type: none"> The audit was completed and reported to the Board of Directors. It has been implemented according to the schedule after the resolution of the Board of Directors. Qualification verification has been completed and reported to the Board of Directors. The written submission and online reporting have been completed after the resolution. The 2024 liability insurance policy for the directors of the Company was purchased and uploaded to the Market Observation Post System. Upon resolution by the Board of Directors, an application for a credit line with the Business Department of the Taiwan Business Bank has been submitted. 	N/A	N/A
2024.08.01	<ol style="list-style-type: none"> Report on the implementation of the Company's audit plan from April to June 2024. Progress report on the Company's greenhouse gas 	After consulting all the directors present without any objection, the Chairman passed	<ol style="list-style-type: none"> The audit was completed and reported to the Board of Directors. Executed according 	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>inventory and verification schedule planning.</p> <p>3. 2024 second quarter Financial Statements are presented for discussion.</p> <p>4. Application to Entie Commercial Bank for international non-recourse accounts receivable factoring. Proposed for discussion.</p> <p>5. Application for non-recourse accounts receivable with Cathay Pacific Commercial Bank. Proposed for discussion.</p>	each bill.	<p>to the planned schedule.</p> <p>3. After the resolution has been completed in writing and online declaration.</p> <p>4. Application to the Business Department of Entie Commercial Bank for a non-recourse factoring line after the resolution of the Board of Directors.</p> <p>5. Application to the Cathay Pacific Commercial Bank for a non-recourse factoring line after the resolution of the Board of Directors.</p>		
2024.11.11	1. Proposal for the change of the signing CPA in line with the internal rotation policy of the CPA firm, and the assessment of the independence and competence of the CPA for discussion.	After consulting all the directors present without any objection, the Chairman passed each bill.	1. The 2025 financial statements have been audited and certified by Certified Public Accountant/CPA Lin, Po-Chuan and Yang, Hui-Tzu. Their independence and suitability have been assessed to be in order.	N/A	N/A
2024.11.11	<p>1. Internal Audit Report for July to September 2024.</p> <p>2. The Company's 2024 performance report on integrity management.</p> <p>3. Report on the implementation of the Company's 2024 intellectual property management plan.</p> <p>4. Progress report on the Company's greenhouse gas inventory and verification schedule planning.</p> <p>5. 2024 third quarter Financial Statements are presented for discussion.</p> <p>6. Proposed application to Chang Hwa Bank to extend the short-term revolving quota and submit it to the referendum.</p> <p>7. Amendments to part of the "Corporate Governance Best</p>	After consulting all the directors present without any objection, the Chairman passed each bill.	<p>1. The audit was completed and reported to the Board of Directors.</p> <p>2. The Company did not violate the relevant norms of the Code of Business Integrity in 2024.</p> <p>3. All the directors present agreed.</p> <p>4. It has been implemented according to the schedule after the resolution of the Board of Directors.</p> <p>5. The written submission and online reporting have been</p>	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>Practice Principles” and "Internal Significant Information Processing Procedures" are tabled for discussion.</p> <p>8. Proposed to establish the “Sustainable Information Management Guidelines” and the “Procedures for the Preparation and Assurance of Sustainability Reports” for discussion.</p> <p>9. Proposed to amend the Company’s internal control system and internal audit system for discussion.</p> <p>10. 2025 annual internal audit plan of the Company is presented for discussion.</p> <p>11. The compensation proposals resolved by the Remuneration Committee are presented for discussion.</p>		<p>completed after the resolution.</p> <p>6. Application to Chang Hwa Bank to extend the short-term revolving credit of NT\$30 million.</p> <p>7. -8. Approved by all attending directors, and the plan was implemented.</p> <p>9. -10. Approved by all attending directors, the plan shall be implemented by internal audit.</p> <p>11. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		
2025.03.03	<p>1. Internal audit report from October 2024 to January 2025.</p> <p>2. Progress report on the company's greenhouse gas inventory and verification schedule planning.</p> <p>3. 2024 Annual Performance Evaluation Report of the Board and Functional Committee.</p> <p>4. The Company's 2025 Annual Financial Report on the Appointment, Compensation and Independence and Competency Assessment of CPAs was submitted for discussion.</p> <p>5. 2024 Financial Statements Proposed for Discussion.</p> <p>6. 2024 Earnings Distribution Proposed for Discussion.</p> <p>7. 2024 Business Report Proposed for Discussion.</p> <p>8. 2024 Statement of Internal Control System, for discussion.</p> <p>9. The proposal for re-election of directors is presented for discussion.</p> <p>10. To receive nominations of</p>	After consulting all the directors present without any objection, the Chairman passed each bill.	<p>1. The audit was completed and reported to the Board of Directors.</p> <p>2. It has been implemented according to the schedule after the resolution of the Board of Directors.</p> <p>3. The performance evaluation has been completed and reported to the competent authorities.</p> <p>4. The 2025 financial statements have been audited and certified by Certified Public Accountant/CPA Lin, Po-Chuan and Yang, Hui-Tzu. Their independence and suitability have been assessed to be in order.</p> <p>5. ~13. Approved by all the attending</p>	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
	<p>candidates for directorship (including independent directorship) of more than 1% of the shareholders. The Board of Directors is invited to discuss these matters.</p> <p>11. Nomination of candidates for election as directors (including independent directors) of 2025 is proposed for discussion.</p> <p>12. The proposal to lift the prohibition on new directors and their representatives from competing for business is proposed for discussion.</p> <p>13. Amendments to parts of the Company's "Articles of Incorporation" are tabled for discussion.</p> <p>14. Matters related to the 2025 ordinary shareholders' meeting are scheduled to be held for discussion.</p> <p>15. The compensation proposals resolved by the Remuneration Committee are presented for discussion.</p>		<p>directors without objection, to be submitted to the shareholders' meeting for recognition.</p> <p>14. After the resolution, various shareholders' meetings have been arranged.</p> <p>15. Compensation plans were implemented following the recommendations proposed by the Remuneration Committee.</p>		
2025.05.05	<p>1. Internal Audit Report for February to March 2025.</p> <p>2. Progress report on the company's greenhouse gas inventory and verification schedule planning.</p> <p>3. 2025 first quarter Financial Statements are presented for discussion.</p> <p>4. Purchase 2025 liability insurance for directors and supervisors of the Company for approval.</p> <p>5. Proposal for setting the record date for capital reduction in relation to the first repurchase of treasury shares.</p> <p>6. Application to Entie Commercial Bank for international non-recourse accounts receivable factoring</p>	After consulting all the directors present without any objection, the Chairman passed each bill.	<p>1. The audit was completed and reported to the Board of Directors.</p> <p>2. It has been implemented according to the schedule after the resolution of the Board of Directors.</p> <p>3. Qualification verification has been completed and reported to the Board of Directors.</p> <p>4. The written submission and online reporting have been completed after the resolution.</p> <p>5. The 2025 liability insurance policy for the directors of the Company was purchased and uploaded to the Market Observation</p>	N/A	N/A

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution	The independent directors hold an opposing or qualified opinion	The Company's Handling of Independent Directors' Opinions
			Post System. 6. Upon resolution by the Board of Directors, an application for a credit line with the Business Department of the Taiwan Business Bank has been submitted. 7. Cancellation procedures will be in place in accordance with the Board's decision.		

2. Shareholders' Meeting

Date of meeting	Summary of important proposals	Result of Resolution	Subsequent execution
2024.06.13	<p>(I) Announcements</p> <ol style="list-style-type: none"> 2023 Business Report Audit Committee Reviews 2023 Financial Statements Report 2023 directors' remuneration and employee remuneration distribution report 2023 profit distribution cash dividend situation report <p>(II) Proposed Resolutions</p> <ol style="list-style-type: none"> 2023 Business Report and Financial Statements 2023 Profit Distribution 	After consulting all directors present without any objection, the Chairman is approved to be submitted to the shareholders' meeting for recognition.	The motions were resolved by the Board of Directors and acknowledged by the Board of Shareholders, and a cash dividend of NT\$3.5 per share was issued on July 31, 2024, with the ex-dividend base date being July 10, 2024.
2025.06.11	<p>(I) Announcements</p> <ol style="list-style-type: none"> 2024 Business Report Audit Committee Reviews 2024 Financial Statements Report 2024 directors' remuneration and employee remuneration distribution report 2024 profit distribution cash dividend situation report <p>(II) Proposed Resolutions</p> <ol style="list-style-type: none"> 2024 Business Report and Financial Statements 2024 Profit Distribution <p>(III) Discussion Items</p> <ol style="list-style-type: none"> Amendments to parts of the Company's "Articles of Incorporation". <p>(IV) Election Matters</p> <ol style="list-style-type: none"> The Proposal for Re-Election of Directors <p>(V) Other proposals:</p> <ol style="list-style-type: none"> Release of new directors and their representatives from the prohibition on competing for business 	After consulting all directors present without any objection, the Chairman approved the proposal, which is pending acknowledgment by the shareholders' meeting.	Each motion is resolved by the Board of Directors and is pending approval by the shareholders' meeting.

- (XII) Directors or supervisors who disagree with the adoption of important resolutions by the Board of Directors in the most recent year and as of the date of publication of the Annual Report and who have a record or written statement: None.
- (XIII) Summary of the resignations and dismissals of the company's chairman, general manager, accounting director, finance director, internal audit director and R&D director as of the latest year and as of the date of publication of the annual report: None.
- (XIV) Employee participation in training in the most recent year:

Training Date	Name of program	Training Institution	Participating Employees	Hours	training expense
2024/01/13	Guidelines for Information Security Control of Listed and OTC Companies (E-Course)	Taiwan Academy of Banking and Finance	Information Security Personnel/ Yen, Jui-Yo	6hrs.	0
2024/04/12	Practical Applications and Examples of ESG and Integrated Internal Audit and Control	The Institute of Internal Auditors-Chinese Taiwan	Audit/ Lin, Mei-Ru	6hrs.	3,000
2024/05/28	Control Design and Audit Techniques for Preventing Corporate Bribery and Corruption	Securities and Futures Institute	Finance/Lian, Yi-Jun	6hrs.	3,500
2024/07/30	Internal Control System Advocacy Conference on Sustainable Information Management for 2024	TPEX	Head of Finance/ Luo, Jia-Ling Audit/ Lin, Mei-Ru	3hrs.	0
2024/09/13	Policy Interpretation on Sustainability Information Disclosure and Key Points on Internal Control and Auditing	The Institute of Internal Auditors-Chinese Taiwan	Audit/ Lin, Mei-Ru	6hrs.	3,000
2024/10/15	Legal Compliance Audit Reinforcement: Lessons from Penalty Cases in Environmental, Food, and Occupational Safety	Securities and Futures Institute	Finance/ Lian, Yi-Jun	6hrs.	3,500
2024/10/29	2024 TPEX Companies' Sustainability Report Practical Guidance Course	TPEX	Head of Finance/ Luo, Jia-Ling	3hrs.	0
2024/12/13	Pivot Table Applications in Excel for Finance, Stock Affairs, Cost Allocation, Audit, and Integration with Word	The Institute of Internal Auditors-Chinese Taiwan	Audit/ Lin, Mei-Ru	6hrs.	3,500
2024/12/19~2024/12/20	Continuing Development Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Accounting Research and Development Foundation	Head of Finance/ Luo, Jia-Ling	12hrs.	8,000

(XV) Directors' continuing education:

Date of Training	Name of program	Training Institution	Attendees	Lesson Hours
2024/08/21	Trends and Developments in Anti-Money Laundering Supervision in Taiwan and Abroad	Taiwan Academy of Banking and Finance	Independent Director/Guo, Dong-Long	3hrs.
2024/10/17	Corporate Governance Trends and Corporate Sustainability Development	Securities and Futures Institute	Independent Director/Lin Hao Sheng	3hrs.
2024/10/22	Intellectual Property Management: Focusing on Patents and Trade Secrets	Securities and Futures Institute	Independent Director/Lin Hao Sheng	3hrs.
2024/10/29	Corporate Governance Forum: Technology Governance and Sustainable Development	Taiwan Academy of Banking and Finance	Independent Director/Guo, Dong-Long	3hrs.
2024/11/27	Enhancing Corporate Sustainability Value and Strengthening Risk Management Systems	The Institute of Internal Auditors-Chinese Taiwan	Independent Director/Yu Xiaojing	6hrs.

(XVI) Manager Progression:

Date of Training	Name of program	Training Institution	Attendees	Lesson Hours	Expenses
2024/12/19~ 2024/12/20	Continuing Education (12hr) Practical Workshop for Accounting Supervisors of Issuer Securities Exchanges	Accounting Research and Development Foundation	Finance Manager/Luo, Jia-Ling	12hrs.	8,000
2024/05/14	[Carbon Credit Trading Mechanisms and Carbon Management Applications] - Series of Courses for Directors, Supervisors, and Corporate Governance Officers	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000
2024/09/26	[Breach of Trust by Directors and Supervisors and the Constitutive Elements of Special Breach of Trust Offenses] - Series of Courses for Directors, Supervisors, and	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000

Date of Training	Name of program	Training Institution	Attendees	Lesson Hours	Expenses
	Corporate Governance Officers				
2024/10/24	[New ESG Trends in Labor Relations - Practical Approaches to Labor and Human Rights Management in Sustainable Supply Chains] - Series of Courses for Directors, Supervisors, and Corporate Governance Officers	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000
2024/11/13	[Challenges and Opportunities in Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory] - A Series Course for Directors, Supervisors, and Corporate Governance Executives.	Securities and Futures Institute	Head of Corporate Governance/Luo, Jia-Ling	3hrs.	3,000

(XVII) Company employees obtain licenses and certificates:

Departments	Employee Name	Getting a license/certificate
Auditing Office	Lin, Mei-Ru	1. Certified Internal Auditors (CIA) License 2. Obtained the internal auditor's certificate of continuing education and graduation in 2024
Department of Finance and Accounting	Luo, Jia-Ling	1. Certificate of Continuing Education and Completion of Accounting Supervisor in 2024
	Lian, Yi-Jun	1. Obtained the internal auditor's certificate of continuing education and graduation in 2024
	Liu, Zhi-Yan	1. CIA License
Quality Assurance Department	Weng, Shang-Hsiang	1. Certificate of quality of products supplied by the Quality Institute of the Republic of China 2. International Bar Code Management Technician Certificate 3. ERP Enterprise Resource Planning Certificate 4. General Project Manager Certification

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

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

(XVIII)The Company's operation procedures:

1. Internal Procedures for Handling Material Information

Chapter 1. General Principles

Article 1. (The purpose of this operating procedure)

In order to establish the Company's good internal major information processing and disclosure mechanism to avoid improper leakage of information. Ensure the consistency and correctness of the Company's information to the outside world, this operating procedure is formulated to comply with.

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

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

Article 3. (Applicability)

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

Article 4. (Scope of internal material information coverage)

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

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

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

- I. To be responsible for the preparation and revision of these operating procedures.
- II. Responsible for receiving inquiries, deliberations and advice related to internal major information processing operations and related to this operation procedure.
- III. To be responsible for receiving reports of material internal information leaks and formulating countermeasures.
- IV. To be responsible for preparing the retention system of all documents, files and electronic records related to this operation procedure.
- V. Other business related to this operation procedure.

Chapter 2. Internal Procedures for Confidentiality of Material Information

Article 6. (Confidential firewall operations - staff)

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

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

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

Company insiders are prohibited from trading company shares during the 30 days before the annual financial report announcement and the 15 days before each quarterly financial report announcement.

The term "insiders" in the previous paragraph refers to directors, managerial officers, or shareholders holding more than 10% of the Company's total outstanding shares.

Article 7. (Confidential Fire Wall Operations - Objects)

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

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

Article 8. (Confidential firewall operation)

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

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

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

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

- Chapter 3. Procedures for Internal Disclosure of Material Information
- Article 10. (Principles for Disclosure of Material Internal Information)
The Company shall adhere to the following principles in disclosing material internal information to the public:
- I. The disclosure of information should be correct, complete and immediate.
 - II. Disclosure of information should be supported by evidence.
 - III. Information should be disclosed fairly.
- Article 11. (Implementation of the spokesperson system)
Unless otherwise required by law or regulation, the Company's spokesperson or proxy spokesperson shall handle the disclosure of internal material information. The order of proxy shall be confirmed; if necessary, the person in charge of the Company may be directly responsible for handling such data.
The content of the speeches of the Company's spokespersons and proxy spokespersons shall be limited to the extent authorized by the Company, and the Company's staff, other than the Company's corporate officers, spokespersons and proxy spokespersons, shall not disclose internal material information to the public without authorization.
- Article 12. (Record of internal material information disclosure)
The Company shall keep records of the following information disclosures to the public:
- I. The person, date and time of information disclosure.
 - II. The means of information disclosure.
 - III. The contents of the information disclosed.
 - IV. The contents of the written information delivered.
 - V. Other relevant information.
- Article 13. (Response to inaccurate media reports)
If the content of media reports does not conform to the content disclosed by the Company, the Company shall immediately clarify and request a correction from such media on the Market Observation Post System.
- Chapter 4. Handling of abnormalities
- Article 14. (Report of abnormalities)
If the directors, managers and employees of the Company become aware of the leakage of important internal information, they shall report to the responsible unit and the internal audit department as soon as possible.
After accepting the previous report, the dedicated unit shall formulate handling measures and, if necessary, invite internal auditing departments to discuss the handling of the matter and make records of the handling results for inspection. Internal auditing shall also conduct audits following its duties.

- Article 15. (Violation handling)
In any of the following circumstances, the Company shall hold the relevant personnel accountable and take appropriate legal measures:
- I. If the Company's personnel disclose internal material information to the public without authorization or violate these procedures or other legal regulations.
 - II. If the content of external speech by the Company's spokesperson or proxy spokesperson exceeds the scope of the Company's authorization or violates the provisions of these Procedures or other laws and regulations.
- The Company shall pursue legal responsibility through relevant channels for any leakage of material internal information of the Company by persons outside the Company that may cause damage to the Company's property or interests.
- Chapter 5. Internal control operations and internal education and promotion
- Article 16. (Internal control mechanism)
This procedure is incorporated into the Company's internal control system. As a result, internal auditors should regularly understand its compliance and make audit reports to implement internal processes for handling material information.
- Article 17. (Education Advocate)
The Company shall, at least once a year, educate and educate the directors, managers and employees on the operating procedures and related laws and regulations.
Provide education and education to new directors, managers and employees in a timely manner.
- Chapter 6. Supplementary Provisions
- Article 18. This operating procedure was adopted and amended by the Board of Directors; the first amendment was made on August 2, 2022.

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

Chapter 1. General Principles

Article 1. Basis

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

Article 1-1.

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

Article 1-2.

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

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

Chapter 2. Loan

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

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

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

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

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

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

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

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

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

Article 4. Review Procedures

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

holds 100% of voting shares.

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

(II) Credit Investigation

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

(III) Loan Approval and Notification

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

(IV) Sign up for warranty

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

(V) Collateral value assessment and rights setting

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

Article 5. Repayment

After the loan is disbursed, attention shall be paid to the financial, business and credit conditions of the borrower and the guarantor. If any collateral is provided, attention

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

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

Article 6. Notes on handling loans of funds to others

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

Chapter 3. Endorsements/Guarantees

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

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

Article 8. Entities for which endorsements/guarantees are made

Except where each capital contributing shareholder makes endorsements/guarantees for its jointly invested company in proportion to its shareholding percentage, the entity of the Company for which endorsements/guarantees are created is limited to the

following companies:

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

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

Article 9. Endorsements/Guarantees Quota

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

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

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

Article 11. Endorsements/Guarantees Procedures

- I. When an endorsement/guarantee enterprise is required to use the amount of the

endorsement/guarantee within the quota, it shall provide the basic information and financial information, fill in the application form and submit the application to the Finance Department of the Company. The Finance Department shall conduct a detailed appraisal and carry out the credit investigation work. The appraisal items include their necessity and reasonableness, engagement in endorsements/guarantees for reasons of business dealings, whether the quota of the endorsements/guarantees is proportional to the amount of the business transaction, the impact on the Company's operational risk, financial condition and shareholders' equity, and whether the collateral and the appraisal of the value of collateral should be obtained.

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

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

Article 12. Custody of Corporate Chops and Procedures

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

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

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

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

Chapter 4. Information Disclosure (after public offering)

Article 14. Public Announcement and Regulatory Filing Procedures

I. Funds Loaned to Others

- (I) The Company and the Subsidiaries shall enter the balance of the loans of the Company and the Subsidiaries in the previous month into the Market Observation Post System before the 10th of each month.
- (II) The Company whose balance of loans reaches one of the following levels shall enter such event into the Market Observation Post System within two days commencing immediately from the date of occurrence:
 - (1) The balance of loans to others reaches 20% or more of the Company's net worth as stated in its latest financial statement.

- (2) The balance of loans to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
 - (3) The number of new loans or funds reaches NT\$10 million or more and gets 2% or more of the Company's net worth, as stated in its latest financial statement.
 - (III) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to disclose and register according to all subparagraphs of the preceding paragraph.
 - (IV) The Company shall evaluate the status of its loans of funds, reserve sufficient allowance for bad debts, adequately disclose relevant information in its financial reports and provide CPAs with pertinent details to implement necessary auditing procedures.
- II. Endorsements/Guarantees
- (I) The Company shall enter the balance of the Company's and its subsidiaries' endorsement guarantee for the previous month into the Market Observation Post System by the 10th day of each month.
 - (II) The Company and its subsidiaries whose endorsements/guarantees reach one of the following levels shall enter such event into the Market Observation Post System within two days commencing immediately from the date of occurrence:
 - 1. The balance of endorsements/guarantees reaches 50% or more of the Company's net worth, as stated in its latest financial statement.
 - 2. The balance of endorsements/guarantees for a single enterprise reaches 20% or more of the Company's net worth, as stated in its latest financial statement.
 - 3. The aggregate amount of guarantees endorsed to a single enterprise of at least NT\$10 million and the aggregate amount of guarantees endorsed to that enterprise, the carrying amount of investments accounted for under the equity method and the balance of loans of funds reached at least 30% of the Company's most recent net financial statements.
 - 4. The number of new endorsements/guarantees reaches NT\$30 million or more and gets 5% or more of the Company's net worth, as stated in its latest financial statement.
 - (III) The Company shall enter into the Market Observation Post System on behalf of any subsidiary thereof that is not a public company of the Republic of China in any matters that such subsidiary is required to enter into the Market Observation Post System under all subparagraphs of the preceding paragraph.
 - (IV) The Company shall evaluate or record the contingent loss for endorsements/guarantees, adequately disclose relevant information in its financial reports, and provide CPAs with relevant information to implement necessary audit procedures.

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

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

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

- (I) If a subsidiary of the Company intends to lend funds to others, the subsidiary shall be instructed to establish procedures for lending funds to others and follow such practices; however, the net value is calculated based on the net worth of the subsidiary.
- (II) The subsidiary shall prepare a detailed statement of the funds loaned to other companies in the previous month before the 10th (exclusive) of each month, and submit it to the Company for review.
- (III) The internal auditors of the subsidiary shall also audit the operating procedures of the capital loan to others and their execution at least quarterly, and make a written record. If any major violation is found, they shall immediately notify the auditing unit of the Company in writing, and the auditing unit of the Company shall send the written information to the audit committees.
- (IV) When the company auditors conduct an audit of the subsidiaries according to the annual audit plan, they shall also understand the implementation of the subsidiaries' Operating Procedures for Loaning Funds to Others. If any deficiencies are found, they shall continuously track their ratification and prepare a tracking report to be submitted to the General Manager (or the Chairman, depending on which unit the audit unit belongs to).

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

- (I) Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its Operating Procedures for Endorsements/Guarantees for Others, and it shall comply with the Procedures when making endorsements/guarantees; provided, however, that the net worth shall be calculated based on the net worth of the subsidiary.
- (II) The subsidiary shall prepare a detailed statement of the endorsements/guarantees made for others in the previous month before the 10th (exclusive) of each month, and submit it to the Company for review.
- (III) The internal auditors of the subsidiary shall, at least quarterly, audit the endorsement and guarantee operation procedures and their execution, and make a written record. If any major violation is found, they shall immediately notify the auditing unit of the Company in writing, and the auditing unit of the Company shall send the written information to the audit committees.
- (IV) When the Company's auditors conduct an audit of the subsidiaries according to the annual audit plan, they shall also understand the implementation of

the subsidiaries' operating procedures for endorsements/guarantees for others. Furthermore, if any deficiencies are found, they shall continuously track their ratification and prepare a tracking report to be submitted to the General Manager (or the Chairman, depending on which unit the audit unit belongs to).

Article 16. Penalties

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

Article 17. Implementation and Amendment

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

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

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

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

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

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

3. Procedures for Acquisition or Disposal of Assets

Article 1. Purpose

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

Article 2. Regulatory Basis

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

Article 3. Scope of Assets

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

Article 4. Terminology

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term forward contracts exclude insurance, performance, after-sales service, long-term lease, and long-term progress (write-off) contracts.
- II. Assets acquired or disposed of as a result of a merger, division, acquisition or share transfer under the law: refers to assets acquired or disposed of as a result of a merger, division or acquisition under the law of a merger or acquisition of an enterprise, the law of a financial holding company, the law of a financial institution, or other law, or the issuance of new shares of a transferee of shares of another company (hereinafter referred to as a share transfer) in accordance with Article 156-3 of the Company Act.
- III. Related parties, subsidiaries: refers to those recognized under the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: A real estate appraiser or another person permitted by law

to engage in appraising real estate or equipment.

- V. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions passed by the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Investment in Mainland China: Refers to investment activities in mainland China that are approved by Investment Commission, Ministry of Economic Affairs, or investments activities that are in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants using proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities Exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; "Foreign securities exchange" refers to any organized securities exchange market regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Business premises of securities dealers: The domestic business premises of securities dealers refer to the premises where securities dealers are required to conduct transactions at a special counter in accordance with the Administrative Measures for the Trading of Securities by Securities Dealers; the business premises of foreign securities dealers refer to the business premises of financial institutions that are managed by foreign securities authorities and wish to operate securities businesses.

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

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

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

- I. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial

Holding Company Act, or the Business Entity Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.

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

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

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

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

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

execution.

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

III. Execution Unit

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

IV. Appraisal Report of Real Property or Other Fixed Assets

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

- (I) Where due to exceptional circumstances, a fixed price, specific price or special price is used as a reference for the trading price, the transaction shall be submitted for prior approval by the Board of Directors; the same procedure shall apply whenever there is any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) The valuation result of a professional appraiser is that in any of the following circumstances, except when the valuation result of the acquired asset is higher than the transaction amount or the valuation result of the disposed asset is lower than the transaction amount, the professional appraiser should contact an accountant to express a specific opinion on the reason for the difference and the fairness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) No more than three months may elapse between the date of the valuation report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the certificate issued by the court may be substituted for the appraisal report or the Certified Public Accountant opinion.

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

I. Evaluation and Operating Procedures

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

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

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

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

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

III. Execution Unit

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

IV. Get expert advice

(I) Where the Company acquires or disposes of marketable securities under any of the following circumstances, and the transaction amount is 20% of the

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

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

Article 9. Processing procedures for related party transactions

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

II. Evaluation and Operating Procedures

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

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

The amount of transactions in the preceding paragraph and paragraph 6 shall be calculated in accordance with the provisions of Article 14, paragraph 1, subparagraph 6, and shall be based on the date of the occurrence of the facts of this transaction within one year, retrospectively calculated for one year, which

has been submitted to the shareholders' meeting, adopted by the Board of Directors and recognized by the audit committee in accordance with the provisions of this procedure.

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

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

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

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

III. Reasonableness assessment of transaction costs

- (I) When acquiring property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. If a related party has set up a mortgage borrower with the subject matter, the financial institution shall assess the total value of the loan of the subject matter, except that the actual cumulative value of the loan of the subject matter by the financial institution shall reach more than 70% of the total assessed value of the loan and the loan period shall be more than one year. However, it is not applicable if the financial institution and the counterparty are related to one another.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) The Company shall acquire real estate or its right-of-use assets from relevant parties, evaluate the cost of real estate or its right-of-use assets in accordance with the provisions of subparagraphs (1) and (2) of paragraph 3 of this

Article, and shall contact the accountant for review and express specific opinions.

(IV) If the Company obtains real estate or its right-of-use assets from related parties in accordance with the provisions of subparagraphs (1) and (2) of paragraph 3 of this Article, and the evaluation results are lower than the transaction price, it shall be handled in accordance with subparagraph (5) of paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional valuer and CPA, this restriction shall not apply:

1. Related party that has obtained prime land or rental land for construction may submit the proof of compliance with any one of the following conditions:

(1) Where the undeveloped land is evaluated according to the method specified in the preceding Article, its development is assessed according to the related party's construction cost plus reasonable construction profits. The combined value exceeds the actual transaction price. Reasonable construction profits shall be based on the average operating gross profit margin of the construction sector of the relevant parties in the last three years or the latest gross profit margin of the construction industry announced by the Ministry of Finance.

(2) Other non-related party transactions within 1 year in other floors or adjacent areas of the same subject premises, which are similar in size and the trading conditions are equivalent after assessing the reasonable floor or regional price difference according to the real estate trading or leasing practices.

2. The Company certifies the acquisition of real estate or leasehold real estate use rights assets from related parties under conditions comparable to and similar in size to other non-related party transactions within 1 year in neighboring areas. In the case of the transaction in the adjacent area mentioned above, the transaction is in principle based on the same or adjacent street and the radius of the object of the transaction is not more than 500 meters or the current value of its announcement is similar; in the case of the said area is similar, the area of the other ~~non-related party~~ is not less than 50% of the area of the object of the transaction; the aforesaid 1 year is based on the date of the acquisition of the real estate or its right to use assets, and the retroactive calculation is carried forward 1 year.

(V) If the Company obtains real estate or its right-of-use assets from related parties, and the assessment results are lower than the transaction price in accordance with subparagraphs (1) and (2) of paragraph 3 of this Article, the following matters shall be handled. In addition, the Company and public companies whose investments in the Company are accounted for under the equity method and which are subject to the provisions mentioned above shall not use the special reserve until the assets acquired or leased at a higher price have been recognized as a loss on the decline in value, or have been disposed of or the lease terminated, or have been adequately compensated or restored to their original condition, or there is other evidence that the special reserve

is not unreasonable. The Financial Supervisory Commission has approved the special reserve.

1. The Company shall make a provision for a special surplus reserve in accordance with the provisions of Article 41, paragraph 1 of the Securities and Exchange Act with respect to the difference between the transaction price of real estate or its right to use assets and the assessment cost, and shall not distribute or transfer the capital allocated shares. An investor who adopts the equity method for the valuation of the investment of the Company, if it is a publicly-issued company, shall also make a special surplus reserve in accordance with the provisions of Article 41, paragraph 1 of the Securities and Exchange Act in respect of the shareholding ratio.
2. The independent directors of the Audit Committee shall be subject to the provisions of Article 218 of the Company Act.
3. Points 1 and 2 of paragraph (3) (5) of this paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and public statement.

(VI) In any of the following circumstances, the Company shall, in accordance with the provisions of paragraphs 1 and 2 of this Article on assessment and operating procedures, acquire real estate or its right-of-use assets from related parties, and shall not apply the provisions of subparagraphs (1), (2) and (3), paragraph 3 of this Article on the assessment of the reasonableness of transaction costs:

1. The related party acquired the property or the right of use thereof through inheritance or as a gift.
2. More than five years have elapsed from the time the related party signed the contract to obtain the property or the right-of-use assets thereof to the signing date of the transaction.
3. The real estate is acquired through signing a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
4. The Company acquires the real estate right-of-use assets for business use with its parent or subsidiaries or by its subsidiaries. It directly or indirectly holds 100% of the issued shares or authorized capital.

(VII) If the Company obtains real property from a related party and there is other evidence that the transaction is unconventional, it shall also be handled in accordance with subparagraph (5), paragraph 3 of this Article.

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

(I) Evaluation and Operating Procedures

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

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

1. When acquiring or disposing of a membership card, an analysis report shall be prepared and submitted to the general manager regarding the fair market

price, the transaction conditions and the transaction price. If the amount is less than one percent of the paid-in capital, or NT\$3 million, the general manager's approval shall be requested, and the report shall be submitted to the Board of Directors at the most recent board meeting afterward; if the amount exceeds NT\$3 million, it shall be forwarded to the Board of Directors for approval.

2. The acquisition or disposal of intangible assets or their right-of-use assets shall be reported to the chairman of the Board of Directors in an analytical report by reference to the expert appraisal report or the fair market price, the resolution of the transaction conditions and the transaction price. Suppose the amount is less than 10% of the paid-in capital, or NT\$20 million. In that case, the report shall be submitted to the chairman of the Board of Directors for approval and shall be reported to the Board of Directors at the latest meeting afterward; if the amount exceeds NT\$20 million, it shall be submitted to the Board of Directors for approval.
3. Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. The Board of Directors shall, when discussing a transaction to acquire or dispose of assets following the preceding provisions, give due consideration to the opinions of the Independent Directors, who shall, if they have any objections or reservations, set out in the minutes of the Board of Directors.

(III) Execution Unit

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

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

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

Article 10-1 The calculation of the amount of the first four transactions shall be carried out in accordance with the provisions of Article 14, paragraph 1, subparagraph 6, and shall

be based on the date of occurrence of the facts of this transaction within one year, retrospectively calculated for one year, and the valuation report or the opinion of the accountant issued by the professional appraiser who has obtained the valuation in accordance with the provisions of this procedure shall be exempted from recalculation.

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

In principle, the Company does not engage in the acquisition or disposal of the claims of financial institutions. However, suppose it wishes to engage in the purchase or removal of the shares of financial institutions in the future. In that case, it will report to the Board of Directors for approval before finalizing its assessment and operating procedures.

Article 12. Procedure for obtaining or disposing of derivatives

I. Transaction Principles and Strategies

(I) Types of derivative trading:

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

(II) Operating (hedging) strategies

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

(III) Delegation of authority

1. Finance Department

(1) Trading Staff

- A. Responsible for formulating the strategy for trading the company's financial products as a whole.
- B. Traders shall periodically calculate positions every two weeks, list market information, conduct trend judgments and risk assessments, and formulate operational strategies, which shall be used to engage in transactions after being approved by the authority to review and approve.
- C. Transactions are executed according to the authorized authority and the established strategy.

- D. An assessment report shall be issued whenever there is a material change in the financial market, and the trader determines that the established strategy is no longer applicable. The process shall be reformulated at any time. After approval by the general manager, it shall be used as the basis for engaging in the transaction.
- (2) Accounting Personnel
 - A. Execution of transaction confirmation.
 - B. Review whether transactions are conducted following delegated authority and established policies.
 - C. Reviews are conducted monthly, and review reports are submitted to the General Manager.
 - D. Accounting and bookkeeping.
 - E. Declarations and announcements are made according to the Securities and Futures Bureau requirements.
- (3) Delivery personnel: perform delivery tasks.
- (4) Derivative commodity approval authority
 - A. Approval authority for hedging transactions

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

- B. Other special-purpose transactions shall be reported to the Board of Directors for approval before carrying out.
 - C. Where the acquisition or disposal of assets of the Company is subject to the approval of the Board of Directors in accordance with the prescribed disposal procedures or other legal provisions, the Company shall first obtain the consent of at least one-half of all the members of the Audit Committee, and if any director objects and there is a record or written statement, the Company shall submit the objection information to the Audit Committee. The Board of Directors shall, when discussing a transaction to acquire or dispose of assets following the preceding provisions, give due consideration to the opinions of the Independent Directors, who shall, if they have any objections or reservations, set out in the minutes of the Board of Directors.
2. Audit Department
- Responsible for understanding the permissibility of internal control of derivative commodity trading and verifying the compliance of the trading department with operating procedures, analyzing the trading cycle, making an audit report, and submitting it to the Audit Committee for review before the end of the following month after the completion

of the audit project; In addition, if the internal auditor finds a major violation or the company is at risk of significant losses, he shall immediately make a report audit and notify the Audit Committee.

3. Performance Evaluation

(1) Hedging transactions

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

(2) Specific Transactions

The actual profit or loss generated is used as the basis for performance evaluation, and the accounting staff must regularly prepare reports for the management department.

4. Definition of the total contract amount and loss cap

(1) Total contract amount

A. Hedging transaction limit

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

B. Specific Transactions

Based on the prediction of market changes, the Ministry of Finance shall formulate a strategy as required and report it to the General Manager and the Chairman of the Board of Directors for approval before proceeding. The total contract value of the Company's net cumulative position in transactions for specific purposes is limited to US\$1 million.

(2) Loss Cap Setting

- A. In the case of a specific purpose transaction contract, a stopping point shall be established after designating the amount to prevent excessive losses. The maximum stop-loss point shall be set at 10% of the transaction contract amount.
- B. The number of individual contract losses shall not exceed US\$20,000 or about 5% of the amount of the trading table, whichever is the lower amount.
- C. The maximum annual loss for trading operations for a specific purpose of the Company is US\$300,000.

II. Risk management measures

(I) Credit Risk Management:

Based on the fact that the market is subject to various factors, which may cause operational risks of derivative financial instruments, the following

principles are applied in the management of market risks:

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

(II) Market risk management:

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

(III) Liquidity Risk Management:

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

(IV) Cash flow risk management

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

(V) Procedural risk management

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

(VI) Commodity risk management

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

(VII) Legal Risk Management:

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

III. Internal audit system

- (I) The internal auditor shall periodically understand the adequacy of the internal control of derivative commodity trading, verify the compliance of

the trading department with the procedures for handling derivative commodity trading on a monthly basis and analyze the trading cycle, and make an audit report. If a major violation is found, the audit committee shall be notified in writing.

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

IV. Regular evaluation method

- (I) The Board of Directors shall authorize senior executives to regularly monitor and assess whether transactions in derivative products are conducted under the trading procedures established by the Company and whether the risks assumed are within the proper scope. Whether the abnormalities in the market evaluation report (if the holding has exceeded the loss limitation) should be reported to the Board of Directors immediately, and the corresponding measures should be taken.
- (II) Derivatives trading positions held shall be evaluated once per week; however, parts for hedging transactions required by the business shall be assessed at least twice per month. Evaluation reports shall be submitted to senior supervisors authorized by the Board of Directors.

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

- (I) The Board of Directors shall designate senior executives to supervise and control the risks of trading in derivative commodities from time to time. The management principles shall be as follows:
 - 1. The Company periodically evaluates the appropriateness of the current risk management measures. It ensures that they are handled following this Standard and the procedures established by the Company for engaging in derivative transactions.
 - 2. Appropriate measures shall be adopted when bizarre circumstances are found in supervising transactions and profit-loss affairs. A report is immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (II) Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.
- (III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading following its Procedures for Engaging in Derivatives Trading.
- (IV) When the Company engages in derivative commodity transactions, it shall

establish a memorandum of understanding, which shall be set out in detail in the memorandum of understanding as to the type and amount of derivative commodity transactions, the date of approval by the Board of Directors and the matters to be carefully assessed under subparagraph (2), paragraph 4 and subparagraph (1) and (2), paragraph 5 of this Article.

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

I. Evaluation and Operating Procedures

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

II. Other precautions to be taken

- (I) Date of the Board Meeting: A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition unless otherwise provided by other laws or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction unless otherwise provided by other laws or the Financial Supervisory Commission is notified in advance of extraordinary

circumstances and grants consent.

- (II) Prior Confidentiality Undertakings: All persons who participate in or become aware of the Company's merger, demerger, acquisition, or share transfer plan shall issue a written confidentiality undertaking and shall not disclose the contents of the project before the information is made public, nor shall they, on their own or in another person's name, buy or sell shares and other securities of an equity nature of all the Company in connection with the merger, demerger, acquisition or share transfer.
- (III) Principle of proportional conversion or modification of the purchase price: A company involved in a merger, division, acquisition or share transfer shall, before the Board of Directors of both parties, invite the accountant, lawyer or underwriter of securities to express an opinion on the proportional conversion, the purchase price or the reasonableness of the cash or other property of the allotted shareholders and to report to the board of shareholders. In principle, the share exchange ratio or acquisition price may not be changed unless the conditions for the change have been stipulated in the contract and have been publicly disclosed. The share exchange ratio or acquisition price may be changed as follows:
 - 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - 2. The action of disposal of major assets that affects a company's financial operations.
 - 3. The occurrence of major disasters and changes in technology that affects a company's shareholders' equity or securities price.
 - 4. The adjustment of treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.
 - 5. Number of entities or companies that participating in the merger, split, acquisition, or transfer of shares has increased or decreased.
 - 6. Terms or conditions may be altered which has been stipulated in the contract and have been publicly disclosed.
- (IV) Deed of Merger, Split, Acquisition or Transfer of Shares The deed of a company shall contain, in addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the following particulars:
 - 1. The handling of a breach of contract
 - 2. The principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - 3. The principles for the handing of the amount of treasury stock that the participating is permitted to buy back lawfully after the base date for the calculation of stock swap.
 - 4. The manner of handling changes in the number of participating entities or companies.
 - 5. Preliminary progress schedule for plan execution, and anticipated

completion date.

6. If the exercise did not complete according to plan, the Company shall call for a shareholders' meeting in accordance with relevant provisions, the preliminary date for the said shareholders' meeting, and relevant procedures.
- (V) When the number of companies involved in a merger, demerger, acquisition or transfer of shares changes: If any party involved in a merger, demerger, acquisition or transfer of shares intends to merge, demerge, acquire or transfer shares with another company after the information has been made public, the participating companies shall be exempted from convening a shareholders' meeting to resolve the matter again, unless the number of participants has been reduced and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority of the merger, demerger, acquisition or transfer of shares, and the procedures or legal acts performed in the original merger, demerger, acquisition or transfer of shares shall be repeated by all participating companies.
- (VI) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a complete written record of the following information and retain it for five years for reference:
 1. Primary identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares before the disclosure of the information.
 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 3. Essential documents and minutes: Including the proposal for the merger, split, acquisition, share transfer, letter of intent or memorandum of understanding, material contracts, minutes of meetings of the Board of Directors and other documentation.
- (VII) If a company participating in a merger, division, acquisition or share transfer has a non-public issuing company, the Company shall enter into an agreement with it and shall proceed in accordance with the date of convening the Board of Directors in accordance with subparagraph (1), paragraph 2 of this Article, the prior commitment of confidentiality in subparagraph (2), the change in the number of companies participating in the merger, division, acquisition or share transfer in subparagraph (5) and the provisions of subparagraph (6).

Article 14. Information Disclosure Program

- I. Items subject to the public announcement and regulatory filing and threshold requiring public information and regulatory filing
 - (I) Acquisition or disposal of property or the right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or

the right-of-use assets thereof from or to a related party, where the transaction amount reaches 20% of the paid-up capital of the Company, or 10% of the total assets of the Company, or NT\$300 million and above. However, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of currency market funds issued by local securities investment funds and trustees.

- (II) Merger, split, acquisition or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Corporation.
- (IV) The type of assets acquired or disposed of belongs to the equipment or right-of-use assets thereof for business use. Furthermore, the counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. The Company's paid-in capital is less than NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 - 2. The Company's paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by the Company in the construction business of real estate or right-of-use assets thereof for construction use, and the counterparty is not a related party, and the transaction amount reaches NT\$500 million or more; among such cases, if the Company has the paid-in capital of NT\$10 billion or more, and it is disposing of real estate from a completed construction project that it constructed itself. If the counterparty is not a related party, the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (VI) If the Company acquires a real estate by self-commissioned construction, land-leased construction, joint construction and subdivision, joint construction and subdivision, or joint construction and sub-sale, and the counter-parties are not related parties, the estimated transaction amount to be invested by the Company is less than NT\$500 million.
- (VII) Except for the preceding six subparagraphs, asset transactions, financial institutions disposal of claims or investment in mainland China, the transaction amount of 20% of the company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances:
 - 1. Buy and sell domestic bonds or credit rating is not lower than China's sovereign rating level of foreign bonds.
 - 2. Where done by professional investors — securities trading on securities exchanges or OTC markets
Trading in securities, or subscribing for foreign government bonds or ordinary corporate bonds issued by public offerings in the domestic primary market and ordinary financial bonds that do not involve equity, (excluding subordinated bonds), or subscribing for or repurchasing securities investment trust funds or futures trust funds, or subscribing for or selling back index investment securities or securities brokers for

underwriting business needs, acting as counseling and recommending securities brokers to subscribe for securities in accordance with the provisions of the Taipei Exchange.

3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

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

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

II. Timeframe for Public Announcement and Regulatory Filing

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

III. Public Announcement and Regulatory Filing Procedures

- (I) The Company shall make a public announcement and regulatory filing of the relevant information on the website designated by the Securities and Futures Bureau.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries of the Company that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is necessary to correct it, all the things shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.
- (IV) When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions of CPAs, lawyers, and securities underwriters at the Company, and retain them for 5 years unless otherwise provided by the law.
- (V) Where any of the following circumstances occurs concerning a transaction that the Company has already publicly announced and reported following the preceding Article, a public report of relevant information shall be made

on the information reporting website designated by the Financial Supervisory Commission within two days counting inclusively from the date of occurrence of the event:

1. The originally signed contract is modified, terminated, or revoked.
2. A company listed on an exchange or has its shares traded on an OTC market has not completed the merger, demerger, acquisition, or transfer of another company's shares by the scheduled date outlined in the contract.
3. Changes are made to the content of the original public announcement.

IV. Format of public announcement

- (I) The format of the public announcement of the matters and contents for the Company's trading of securities of the Parent Company and its Subsidiaries or Affiliates in the domestic and foreign centralized markets or the Taipei Exchange is set out in Annex II.
- (II) The format of the public announcement of the matters and contents to be announced for the acquisition of real estate under an arrangement on engaging others to build on the Company's land, joint construction and allocation of housing units, joint building and distribution of ownership percentages, or joint construction and separate sale is outlined in Annex III.
- (III) The format of public announcement for the acquisition or disposal of real estate and other fixed assets and the acquisition of real estate from a related party is outlined in Annex IV.
- (IV) The format of public announcement for trading securities, memberships and intangible assets and disposal of receivables by financial institutions on markets other than the centralized markets or OTC markets is outlined in Annex V.
- (V) The format of public announcement for investments in mainland China is set forth in Annex VI.
- (VI) The format of public announcement for derivatives trading within two days from the occurrence is outlined in Annex VII-I.
- (VII) The format of public announcement for derivatives trading before the 10th day of each month is outlined in Annex VII-II.
- (VIII) The format of public announcement for merger, demerger, acquisition or transfer of shares is outlined in Annex VIII.

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

- I. The Subsidiary shall also formulate the "Procedure for Acquisition or Disposal of Assets" following the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", which shall be reported to the Board of Shareholders of both parties upon adoption by the Board of Directors of the Subsidiary, and shall comply with the same in case of any amendments.
- II. A subsidiary shall acquire or dispose of the assets following the provisions of the Company.
- III. Where a subsidiary is not a public company and the acquisition or disposal of assets reaches a threshold requiring public announcement and regulatory filing

outlined in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the parent company shall also handle the public information and regulatory filing on behalf of the subsidiary.

IV. The paid-in capital or total assets of the parent company (the Company) shall be the standard applicable to a subsidiary in determining whether it reaches a threshold requiring public announcement and regulatory filing relative to paid-in capital or total assets.

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

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

Article 16. Penalties

Any employee of the Company who undertakes to acquire and dispose of assets in violation of the provisions of this Procedure shall be periodically reported for assessment under the personnel management practices and the Employee Handbook of the Company and shall be subject to a lighter and heavier punishment under the circumstances.

Article 17. Implementation and Amendment

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

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

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

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

Article 18. Supplementary Provisions

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

(XIX) Protective Measures for Working Environment and Personal Safety of Employees:

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

1. Working Environment

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

2. Personal Safety

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

(XX) Code of conduct and ethics for employees

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

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

III Information on CPA expenses:

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

Unit of amount: NT \$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Lin, Po-Chuan	2024.01.01- 2024.12.31	1,400	-	1,400	N/A
	Xu, Yong-Jian/ Yang, Hui-Tzu					

Non-audit public service content: None.

- (II) Audit fees paid in the year of replacement of the accounting firm compared with the year before replacement: None.

- (III) Audit fees decreased by more than 15% in the previous year: no such situation.

- (IV) Certified Public Accountant/CPA's Independence and Competency Assessment:

1. The Company follows Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No. 10 to establish the independent assessment list. Conduct the evaluation with reference to Audit Quality Indicators (AQIs). The assessment results of the most recent fiscal year were discussed and approved by the Audit Committee on March 4, 2024, and subsequently submitted to the Board meeting on March 4, 2024, for the board's resolution on the accountant's independence and suitability assessment.

2024 Visa Accountant Independence and Competency Assessment Form

Evaluation Unit: Board of Directors

Assessment year: 2024

Assessment date: March 4, 2024

Evaluation of Appointed Certified Public Accountant/CPA Firm and Accountants:

Assessment of Certified Public Accountants/Lin, Po-Chuan and Xu Yong-Jian: Considering Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Integrity, Impartiality, Objectivity and Independence":

Evaluation Item	Result of Assessment
1. There is no direct or material indirect financial interest between the certifying accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no significant-close commercial relationship between the certified public accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. The Certified Public Accountant had no potential employment relationship at the time of the audit of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The Certified Public Accountant has never had any money loan with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The Certified Public Accountant/CPA has not received any gifts or presents of significant value from the Company, its directors and supervisors, or its managers (the value of which exceeds the standard of typical social etiquette).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The Certified Public Accountants have not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The Certified Public Accountant/CPA does not hold any shares in the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The Certified Public Accountant/CPA themselves, their spouse or dependent, or their audit team did not hold any positions as directors, supervisors, or managers of the Company during the audit period or within the last two years or any work that has a significant influence on the audit case, and they have determined that they will not hold such positions in the future audit period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. Whether the Certified Public Accountant/CPA has complied with the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 on Independence and has obtained a "Declaration of Independence" issued by the Certified Public Accountant/CPA.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation Results:

The 2024 financial statements have been audited and certified by Certified Public Accountant/CPA Lin, Po-Chuan and Xu Yong-Jian. Their independence and suitability have been assessed to be in order.

- Due to the passing of CPA Xu, Yong-Jian, and in line with the internal rotation policy of PricewaterhouseCoopers Taiwan, starting from Q3 2024, the signing CPAs have been changed from Lin, Po-Chuan and Xu, Yong-Jian to Lin, Po-Chuan and Yang, Hui-Tzu. In response to this change, in accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," and with reference to Article 47 of the CPA Act and SAS No. 10 of the Code of Ethics, the Company has prepared an Independence Evaluation Checklist and referred to Audit Quality Indicators (AQIs) to assess the independence and competence of CPA Yang, Hui-Tzu. The evaluation results were reviewed and approved by the Audit Committee on November 11, 2024, and subsequently approved by the Board of Directors on the same date for a resolution on the independence and suitability assessment of the CPA.

2024 Visa Accountant Independence and Competency Assessment Form

Evaluation Unit: Board of Directors

Assessment year: Beginning from 2024/Q3

Assessment date: November 11, 2024

Evaluation of Appointed Certified Public Accountant/CPA Firm and Accountants:

Assessment of Certified Public Accountants/Lin, Po-Chuan and Yang, Hui-Tzu:

Considering Article 47 of the Certified Public Accountant Act, the content of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Integrity, Impartiality, Objectivity and Independence":

Evaluation Item	Result of Assessment
1. There is no direct or material indirect financial interest between the certifying accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no significant-close commercial relationship between the certified public accountant and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. The Certified Public Accountant had no potential employment relationship at the time of the audit of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The Certified Public Accountant has never had any money loan with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The Certified Public Accountant/CPA has not received any gifts or presents of significant value from the Company, its directors and supervisors, or its managers (the value of which exceeds the standard of typical social etiquette).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The Certified Public Accountants have not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The Certified Public Accountant/CPA does not hold any shares in the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The Certified Public Accountant/CPA themselves, their spouse or dependent, or their audit team did not hold any positions as directors, supervisors, or managers of the Company during the audit period or within the last two years or any work that has a significant influence on the audit case, and they have determined that they will not hold such positions in the future audit period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. Whether the Visa Accountant has complied with the Code of Professional Ethics for Accountants Bulletin No. 10 on Independence and has obtained a "Declaration of Independence" issued by the Visa Accountant.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation Results:

The 2025 financial statements have been audited and certified by Certified Public Accountant/CPA Lin, Po-Chuan and Yang, Hui-Tzu. Their independence and suitability have been assessed to be in order.

IV Information on Replacement of CPAs:

(I) Regarding the Predecessor CPA:

Date of Replacement	Approved by the Board of Directors on November 11, 2024.			
Reason for Replacement and Explanation	To comply with PricewaterhouseCoopers Taiwan's internal rotation policy, starting from Q3 2024, the signing CPAs have been changed from Lin, Po-Chuan and Xu, Yong-Jian to Lin, Po-Chuan and Yang, Hui-Tzu.			
Explanation Regarding the Termination or Rejection of Appointment by the Client or CPA	The Party Involved		CPA	The Company (as the Client)
	Situation			
	Voluntarily terminated the appointment		Not applicable	Not applicable
	Did not continue the appointment		Not applicable	Not applicable
Non-unqualified audit opinions issued within the past two years and reasons	N/A			
Disagreements with the issuer	Yes	-	Accounting principles or practices	
		-	Disclosure in financial reports	
		-	Audit scope or procedures	
		-	Other	
	N/A	v		
	Explanation			
Other Disclosure Matters (As required under Article 10, Paragraph 6, Subparagraph 1, Items 4 to 7 of these Rules)	N/A			

(II) Regarding the Successor CPA:

Name of the accounting firm	PricewaterhouseCoopers Taiwan
Name of CPA	CPAs: Lin, Po-Chuan, Yang, Hui-Tzu
Date of Appointment	Approved by the Board of Directors on November 11, 2024.
Any consultations conducted prior to the appointment regarding the accounting treatment of specific transactions, accounting policies, or the likely type of audit opinion to be issued on the financial statements, and the results thereof	N/A
Written opinion from the successor CPA on any disagreement matters with the predecessor CPA	N/A

(III) Response from the former CPA regarding the matters specified in Article 10, Paragraph 6, Subparagraphs 1 and 2, Item 3 of these Rules: Not applicable.

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

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

(I) Changes in Shareholding

Unit: Share

Title	Name	2024		The current year ended on April 13.	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
The legal entity as director holding exceeding 10% of the shares of shareholders	Wei Sheng Investment Co., Ltd.	0	0	0	0
Chairman	Zhao, Xi-Zheng	0	0	0	0
Vice Chairman	Li, Yao-Kui	0	0	0	0
The director also works part-time as the general manager	Lin, Hong-Pei	0	0	0	0
The director also works part-time as the deputy general manager	Yang, Shi-Huai	0	0	0	0
Director	Chen, Li-Min	0	0	0	0
Independent Director	Guo, Dong-Long	0	0	0	0
Independent Director	Lin, Hao-Sheng	0	0	0	0
Independent Director	Nian, Xiao-Jing	0	0	0	0
Finance & Accounting Manager	Luo, Jia-Ling	0	0	0	0

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

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

(II) Information on equity transfer: There are no conditions of equity transfer where the counterparty is a related party.

(III) Pledge of Stock Right information: There are no cases where the Pledge of Stock Right counterparty is a related party.

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

April 13, 2025

NAME (NOTE 1)	SHARES HELD BY HIMSELF/HERSELF		SHARES HELD BY HIS/HER SPOUSE AND MINOR CHILDREN (NOTE 2)		SHAREHOLDING BY NOMINEES		THE NAMES AND RELATIONSHIPS OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED TO EACH OTHER IN ACCORDANCE WITH THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS NO. 6 OR WHO ARE RELATIVES WITHIN THE SCOPE OF SPOUSE, SECOND PARENT, ETC. (NOTE 3)		REMARKS
	Held at the end of the Period	%	Held at the end of the Period	%	Held at the end of the Period	%	Name (or Full Name)	Relationship	
Wei Sheng Investment Co., Ltd. Representative: Yang, Yi-Lan	9,381,321	23.25%	7,524	0.02%	0	0.00%	Li, Shi-Chang Li, Shi-Kui	Sister-in-law Sister-in-law	N/A
Li, Shi-Chang	3,916,005	9.70%	0	0.00%	0	0.00%	Li, Shi-Kui Yang, Yi-Lan	Brother Sister-in-law	N/A
Li, Shi-Kui	3,174,000	7.87%	0	0.00%	0	0.00%	Li, Shi-Chang Yang, Yi-Lan	Brother Sister-in-law	N/A
Representative of Xiangli Investment Co., Ltd.: Representative: Li, Hsin-Lin	2,814,705	6.97%	0	0.00%	0	0.00%	Li, Yao-Kui	Father and daughter	N/A
Yan, Zhao-Xiang	1,262,206	3.13%	0	0.00%	0	0.00%	N/A	N/A	N/A
Yang, Mei-Si	1,006,113	2.49%	154,290	0.38%	0	0.00%	Yang, Shi-Huai Yang, Zhan-Kui	Siblings Siblings	N/A
Yang, Shi-Huai	901,126	2.23%	0	0.00%	0	0.00%	Yang, Zhan-Kui Yang, Mei-Si	Brother Siblings	N/A
Treasury stock account at YUAN HIGH-TECH DEVELOPMENT CO.	599,000	1.48%	0	0.00%	0	0.00%	N/A	N/A	N/A
Wang, Wan-Chen	548,000	1.36%	0	0.00%	0	0.00%	N/A	N/A	N/A
Li, Yao-Kui	500,897	1.24%	0	0.00%	0	0.00%	Li, Hsin-Lin	Father and daughter	N/A
Citibank Custodian Barclays Capital SBL/PB Investment Account	311,350	0.77%	0	0.00%	0	0.00%	N/A	N/A	N/A

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

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

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

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

Unit: shares; %

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

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

Chapter 3 Capital Overview

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

(I) Share Capital Source:

1. Capital formation

Unit: shares, NT\$

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

2. Share Type

Share Type	Authorized Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Common stock	40,355,944 (OTC listing)	39,644,056	80,000,000	599,000 treasury shares were cancelled pursuant to a resolution of the Board of Directors on May 5, 2025.

Over-the-counter Shares Outstanding

3. Buyback of the Company's shares

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

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

Base date: April 13, 2025

Name of Major Shareholders	Shares Held	Shareholding ratio
Wei Sheng Investment Co., Ltd.	9,381,321	23.25%
Li, Shi-Chang	3,916,005	9.70%
Li, Shi-Kui	3,174,000	7.87%
Xiangli Investment Co., Ltd.	2,814,705	6.97%
Yan, Zhao-Xiang	1,262,206	3.13%
Yang, Mei-Si	1,006,113	2.49%
Yang, Shi-Huai	901,126	2.23%
Treasury stock account at YUAN HIGH-TECH DEVELOPMENT CO.	599,000	1.48%
Wang, Wan-Chen	548,000	1.36%
Li, Yao-Kui	500,897	1.24%
Citibank Custodian Barclays Capital SBL/PB Investment Account	311,350	0.77%

(III) Company's Dividend Policy and Implementation Status

1. Dividend Policy: Article 19 of the Articles of Association of the Company: The dividends of the Company may be distributed in part or in whole by way of cash dividends. The stock dividend shall not be higher than 90% of the dividend distributed in the current year.
2. The distribution of earnings for 2024 is as follows:

YUAN High-Tech Development Co., Ltd.

2024 earnings distribution statement

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	966,320,455
Less: adjustment of retained earnings in 2024	3,862,186
Undistributed earnings after adjustment.	970,182,641
Add: Net profit after tax for the current year	284,411,801
Less: Legal reserve	(28,827,399)
Distributable net profit	1,225,767,043
Less: cash dividend distributed to shareholders (NT\$4 per share)	(159,027,776)
Undistributed earnings at the end of the period	1,066,739,267

Chairman:



Managerial Personnel:



Principal Accounting Officer:



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

Item		Year	2025
Opening paid-in capital (NT\$)			403,559,440
Dividend allotment for the year	Cash dividends per share (NT\$)		4(Note 1)
	Number of shares allocated per share in transfer of earnings to capital		-
	Number of shares allocated per share in transfer of capital reserve to capital		-
Changes in business performance	Operating Income		Not applicable (Note 2)
	Operating income increased (decreased) over the same period last year		
	Net income after taxation		
	Year-over-year increase (decrease) in net income after tax last year		
	Earnings per Share		
	Increase (decrease) in earnings per share compared to the same period last year		
Proposed mandatory	Average annual return on investment (inverse of the average annual cost-benefit ratio)		Not applicable (Note 2)
	If all of the capital surplus is transferred to cash dividends	Pro forma earnings per share (NT\$)	

Item			Year	2025
earnings per share and capital gain ratio		Propose average annual return on investment		
	If the capital reserve has not been transferred to capital	Pro forma earnings per share (NT\$)		
		Propose average annual return on investment		
	If the capital surplus is not transferred to capital and the capital surplus is transferred to cash dividends	Pro forma earnings per share (NT\$)		
		Propose average annual return on investment		

Note 1: The 2024 annual earnings distribution of cash dividends, approved by the Board of Directors on March 3, 2025.

Note 2: The Company has not disclosed its 2024 financial projections, so this paragraph does not apply.

(V) The remuneration of the employees and directors:

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

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

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

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

2. The principal for estimating the amount of the remuneration of the employees and directors is based on calculating the number of shares of employees' remuneration

distributed by shares, and applying the accounting treatment when the actual amount of distribution differs from the estimated amount:

- (1) Estimation basis: The amount of the recognized expenses for directors' remuneration and employee remuneration is estimated at the ratio of 2% and 2% of the remaining distributable earnings for the current year, and the actual distribution amount is calculated based on the cash dividend amount distributed on March 3, 2025, and then calculated at the ratio of 2% and 2% of the actual distribution earnings.
 - (2) Disposition: If there is any difference, it will be adjusted in 2025.
3. Information on the proposed distribution of employee compensation, etc. approved by the Board of Directors:
- (1) Cash compensation for employees, stock compensation, and compensation for directors. Suppose there is any discrepancy between the abovementioned amount and the estimated amount of recognized expenses for the current fiscal year. In that case, the amount, causes and treatment of such difference shall be disclosed:
The Company's proposed distribution of director remuneration, employee cash remuneration and employee stock distribution amount in the Board of Directors on March 3, 2025 is shown in the following table. The aforesaid will be handled in accordance with the relevant provisions after the resolution of the shareholders' meeting on June 11, 2025.

Unit: NT\$

Item	Proposed amount of the Board of Directors on March 3, 2025
Remuneration of Directors	6,344,523
Employee Compensation - Cash	6,344,523

Note: Proposed distribution of employee remuneration and directors and supervisors remuneration labor amount and 2024 recognized expenses estimated amount of their differences, reasons and treatment:

- (1) Difference: There is no difference between the remuneration to directors and supervisors and the amount of compensation to employees proposed by the Board of Directors from the recognized expense.
 - (2) Reason: Not applicable.
 - (3) Handling situation: Not applicable.
- (2) Proposed allotment of employee stock distributions as a percentage of total net income after tax and total employee bonuses for the period:
Not applicable (percentage of capital contribution = number of shares distributed to employees/ (number of shares distributed to employees + number of shareholders' stock dividends) *100%)
 - (3) The Board of Directors proposed to distribute the amount of employee remuneration and remuneration of directors and calculate the impact of earnings per share:

(Earnings per share after calculation = Weighted average number of shares outstanding for the year (2024) of net income/earnings distribution after tax for the year (2024) to which the distribution of earnings belongs): 7.15

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

The Company's proposed distribution of director remuneration, employee cash remuneration and employee stock distribution amount in the Board of Directors on March 4, 2024 is shown in the following table.

Unit: Thousand NT\$

Item	Amount recognized in the financial report of 2023	Actual allotment situation
Director's Compensation - Cash	5,424	5,424
Employee Compensation - Cash	5,424	5,424

Notes:

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

(VI) **Stock repurchase by the Company:** Please refer to page 130 of this annual report for details.

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

III Preferred Shares: None.

IV Overseas Depository Certificate Processing Situation: None.

V Employee's share warrant handling situation: None.

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

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

VIII Execution of capital utilization plan

(I) The plan: None.

(II) Execution status: None

Chapter 4Operational Highlights

I Business Activities

(I) Operation Scope

1. Operation Items

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

2. Current Main Products and Operating Segments

Unit: %

Item	Revenue proportion in 2024
Video Products	99.84%
Other	0.16%
Total	100.00%

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

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

4. New products (services) to be developed

- (1) Developed and launched an 8K ultra-high-resolution video streaming box to meet the needs of the future audio and video market.

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

(II) Industry Overview

1. Development status of the industry

Founded in 1990, YUAN High-Tech Development Co., Ltd. (Stock Code: 5474) has been deeply engaged in video and audio technologies for over 30 years. The Company specializes in the capture, conversion, streaming, and analysis of video and audio, and has become a leading global supplier of video capture modules. Its products and solutions are widely applied in areas such as security surveillance, industrial automation, healthcare, broadcasting, and smart education, providing efficient and reliable video and audio technology support across industries.

YUAN High-Tech possesses a strong hardware and software R&D team with full in-house design and development capabilities, including hardware, drivers, firmware, FPGA, and SDK packages. This ensures the delivery of optimal technical support and integrated solutions for customers. As a close partner of NVIDIA, YUAN High-Tech offers a series of AI platforms based on NVIDIA processors, equipped with the NexVD0 SDK toolkit, to deliver high-performance AI video and audio solutions. These platforms help clients swiftly enter the AI market, enabling intelligent decision-making and enhanced operational efficiency.

Looking ahead, YUAN High-Tech will continue to deepen its technological advantages and expand its global market presence. Driven by innovation, the Company is committed to becoming a market leader in next-generation industrial video and audio technologies.

2. Upstream and downstream industry linkages

【Upstream】

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

【Downstream】

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

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

3. Various development trends and competitive situation of products

【Development Trends】

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

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

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

Leading the Future of Ultra-High-Resolution Extraction

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

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

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

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

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

at the same time, which supports a variety of different streaming formats to meet customer needs in different application scenarios.

Image Processing Platform with Artificial Intelligence

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

(III) Technology and R&D Overview

1. Technology and R&D Overview

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

In terms of R&D, we emphasize cross-disciplinary collaboration and product innovation planning in alignment with emerging technology trends. Our R&D team is capable of vertically integrating different hardware modules and software components due to the integration of expertise and experience in various fields, including hardware, drivers, firmware, FPGA, and SDK. Utilizing hardware components from chip suppliers and combining them with the Company's highly skilled FPGA technology and R&D capabilities, breakthroughs are achieved in current technology limitations and design improvements. At the same time, immediate responses are made to market and customer needs, thereby maximizing business benefits. On the other hand, the Company also continues to invest a lot of resources in upgrading its production technology to achieve a market niche and differentiate itself from its competitors by offering the widest and

most diverse range of products to meet market changes and customer needs through continuous product evolution.

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

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

Overall, seamlessly engages artificial intelligence technology, but also the learning function into the embedded system single chip (SoC: System on a Chip) application, enhancing product value, the scope of imaging services, including, intelligent transportation, medical image recognition, face recognition, passenger flow analysis, behavioral analysis... and etc. Through in-depth B2B exchanges and cooperation with end customers of the industry, for the application to activate intelligence of the image

data accumulated by customers with our solid technology. We have discussed with the customers in all segments ranging from development of AI algorithms, the setting up of image databases, the design of special identification software, and the setting up of inference models, in order to help our customers to achieve real AI technology landing. At present, our AI technology has landed cases all over Taiwan.

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

2. R&D expenses and successful technologies or products invested in the current year as of March 31, 2025

Unit: Thousand NT\$

Item \ Year	2024	As of March 31, 2025
Total Expenses	182,066	49,953
Operating Revenue	1,194,219	288,181
R&D Expenses as a Percentage of Revenue (%)	15.25	17.33
Technologies or products successfully developed during the year	<ul style="list-style-type: none"> ◆ 12G SDI TO HDMI20-S: 12G-SDI to HDMI 2.0 4K Ultra HD Video Converter Box ◆ AIR6N0-C-DB NX-400-4TVI: 4-Channel TVI AI Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-DB NX-410-4GMSL2: 4-Channel GMSL-2 AI Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-DB NX-4USBA: 4-Channel USB 3.0 AI Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-DB NX-710-12G-QSDI: 4-Channel SDI AI Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-DB NX-710-12G-SDI: 1-Channel 12G-SDI AI Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-DB NX-710-HDMI20: 1-Channel HDMI 2.0 Audio-Visual Processing Platform Interface Card ◆ AIR6N0-C-MB NX: Compact AI Audio-Visual Processing Platform ◆ CV850E UB3-C8M678: USB UVC Plug-and-Play Camera ◆ HDMI20 TO 12G QSD: HDMI 2.0 to 12G-SDI 4K Ultra HD Video Converter Box 	

	<ul style="list-style-type: none"> ◆ M2 350 QUAD GBE CARD: 4-Channel GigE M.2 Network Interface Card ◆ MINI6N0: Compact AI Audio-Visual Processing Platform ◆ MULTI TO COPPER POE: Multi-to-SDV0E 4K Ultra HD Encoder ◆ PD576E HDMI20: USB UVC Interface 4K Ultra HD Video Capture Card ◆ SC400 N1L HDV: 1-Channel HDMI/DVI High-Definition Video Capture Card ◆ SC6E0 N1 HDMI TO IPUVC V2: HDMI 1080p High-Definition Encoder
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(IV) Long, medium and short-term business development plans

1. Short-term development plans

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

2. Medium-Term Development Plan

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

3. Long term development plan

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

II Market, Production, and Sales Overview

(I) Market Analysis

1. Major sales regions

Unit: Thousand NT\$

Region \ Year	2024		2023	
	Amount	%	Amount	%
Asia	282,696	23.67	319,056	27.02
America	644,975	54.01	627,252	53.13
Europe	112,631	9.43	93,968	7.96
Taiwan	153,050	12.82	138,396	11.72
Other	867	0.07	1,937	0.16
Total	1,194,219	100.00	1,180,609	100.00

2. Market Share

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

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

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

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

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

4. Competitive Niches

- Mastering key technologies to meet audio and video multimedia applications

The Company can strengthen hardware and software integration with other related software applications through in-depth cooperation with suppliers and our intellectual property and long-term research and development experience. Furthermore, through the Company's experienced hardware and software development team, we can work on various product projects in parallel and cooperate to effectively improve the efficiency of product hardware and software development and help our customers' products be launched in the market in the first place.

The Company provides complete integration and testing on different operating systems and various hardware platforms for OEM/ODM customers' products, providing faster and more comprehensive professional services!

- Close cooperation with upstream suppliers to master advanced technologies

The Company has maintained close and long-term technical cooperation and frequent interaction with many well-known domestic and foreign professional video and digital compression wafer manufacturers. As a result, we can often obtain the latest product and advanced technology information and progress earlier than other competitors. In addition, our R&D team has over 20 years of experience in the development of streaming and multimedia products, which helps us accelerate the application of our new chip technology in the design of new products and launch new products that meet the trend to help our customers seize market opportunities.

- To maximize the benefits of cooperation by working in symbiosis with our customers

Through professional cooperation and division of labor with the members of each project team, the Company's marketing department has established close cooperation and excellent understanding with influential brands and channel customers and provides the most rapid and perfect support and service. Each task force is convened by the supervisor of each business and R&D department and can

respond to market changes. As a result, customer needs immediately and quickly, effectively assisting customers in strengthening their product performance and market competitiveness, increasing customer trust and satisfaction with the Company, and becoming a long-term strategic partner!

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

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

5. Favorable and unfavorable factors of development prospect and countermeasures

- **Favorable factors for the development of the vision**

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

- **Disadvantages of Prospects for Development**

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

- **Response**

- Strengthen innovation capabilities: The company should continue to increase R&D investment and actively explore new technologies and new application areas to maintain a competitive advantage in audio-visual multimedia products and technologies.
- Expand market areas: Actively explore emerging markets, seek diversified business development, and reduce dependence on specific markets or customers.

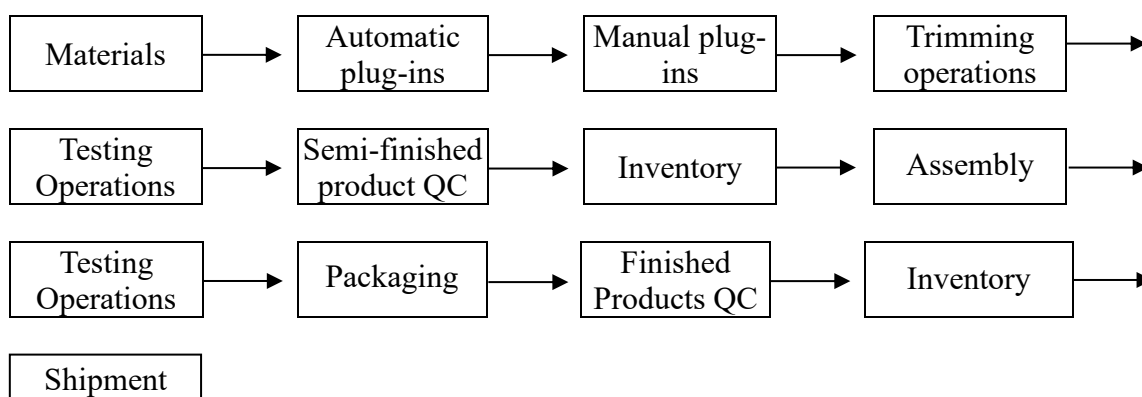
- Optimize the product structure: adjust the product structure according to the changes in market demand and competitive environment, and improve the added value and profit level of the product.
- Strengthen partnerships: Strengthen cooperation with upstream and downstream suppliers and customers, share resources, and jointly respond to market changes and competitive challenges.
- Pay attention to regulatory policy dynamics: pay close attention to changes in policies and regulations, and timely adjust business strategies and business layouts to adapt to the changing environment.

(II) Usage and Manufacturing Processes for Main Products

1. Key Applications of Main Products

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

2. Manufacturing Process



(III) Supply of main raw materials

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

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

1. Information of major suppliers in the 2 past years

Unit: Thousand NT\$; %

Item	2023				2024				2025 up to the first quarter (Note 2)			
	Name	Amount	% of annual net purchase	Relation with issuer	Name	Amount	% of annual net purchase	Relation with issuer	Name	Amount	Percentage of net purchase for the year ended the previous quarter (%)	Relation with issuer
1	A	156,755	27.66	N/A	A	85,582	16.25	N/A	A	35,901	16.61	N/A
2	-	-	-	N/A	-	68,286	12.97	-	B	34,611	16.01	N/A
	Other	410,005	72.34	N/A	Other	372,773	70.78	N/A	Other	145,688	67.38	N/A
	Net purchase	566,760	100.00		Net purchase	526,641	100.00		Net purchase	216,200	100.00	

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

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

Reason for increase/decrease: Disposal of prior-year inventory.

2. Information of major customers in the 2 past years

Unit: Thousand NT\$; %

Item	2023				2024				2025 up to the first quarter (Note 2)			
	Name	Amount	Percentage of net sales for the year [%]	Relation with issuer	Name	Amount	Percentage of net sales for the year [%]	Relation with issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter (%)	Relation with issuer
1	A	548,847	46.48	N/A	A	565,154	47.32	N/A	A	117,983	40.94	N/A
2	B	107,984	9.14	N/A	B	43,312	3.63	N/A	B	18,107	6.28	N/A
	Other	523,778	44.38	N/A	Other	585,753	49.05	N/A	Other	152,091	52.78	N/A
	Net Sales	1,180,609	100.00		Net Sales	1,194,219	100.00		Net Sales	288,181	100.00	

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

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

Increase or decrease: Changes in product portfolio.

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

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

Unit: Thousand NT\$

	<u>2024</u>	<u>2023</u>
Revenue	1,194,219	1,180,609
Personnel costs	217,001	206,922
Personnel costs/turnover	18.17%	17.52%

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

Unit: Thousand NT\$

	<u>2024</u>	<u>2023</u>
Revenue	1,194,219	1,180,609
Number of Employees	144	145
Turnover/Number of Employees	8,293	8,142

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

Unit: Person

Year		2023	2024	As of March 31, 2025 (Notes)
Number of Employees	Management Staff	45	51	50
	R&D personnel	96	100	104
	Total	141	151	154
Average age		39.13	39.88	41.14
Average length of service (year)		8.06	10.26	10.81
Number of Academic Degrees	Doctorate/PhD	0	0	0
	Master/MPhil	46	50	54
	University	90	96	94
	High school	5	5	6
	Below high school	0	0	0

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

IV Disbursements for Environmental Protection

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

V Labor Relations

(I) Labor-management agreements and implementation

1. Employee benefit measures and their implementation:

In 1998, the Company was approved by the Taipei Municipal Government Social Bureau to formally establish the "Employee Welfare Committee". Through the company's contribution of employee benefits, the Company has implemented a number of welfare measures, such as employee travel, departmental dining, end-of-year parties, and also provided enterprise medical care on-site services and signed a contract with a legally filed childcare service organization to accept employees' children. The Company has achieved remarkable results in promoting close and harmonious labor relations.

2. Further education and training:

To enhance employees' professional ability and knowledge to improve productivity, the Company allows employees to receive professional and appropriate training according to their duties and functions. In addition, if there are courses required by law for further education, such as continuing education for accounting supervisors and auditors, the company cooperates with the regulations. Furthermore, it uploads them to the competent authorities for the record. (Please refer to page 81 of this annual report for further details)

3. Retirement System Implementation Circumstance:

- (1) Under the Labor Standards Act, a monthly retirement reserve of 2% of payroll is deposited in the Department of Trusts, Bank of Taiwan.
- (2) Since 1998, employees of the Company have been retired under the permitted retirement scheme.
- (3) The Labor Pension Act became effective on July 1, 2005, based on a defined contribution plan. After implementation, employees may choose to be subject to the pension provisions of the Labor Standards Act or to the pension system under the Act and retain the years of service prior to the application of the Act. For employees subject to the Act, the Company's monthly contribution rate to the employee's pension shall not be less than 6% of the employee's monthly salary.

4. Other significant agreements: None.

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

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

VI Important contract: None.

VII Information Security Management:

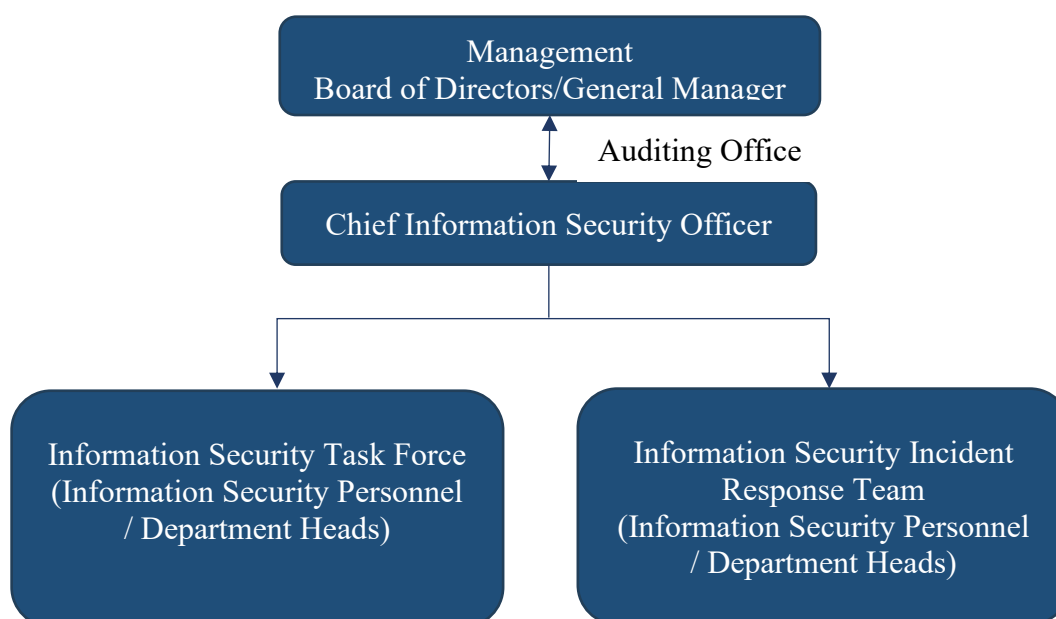
(I) The Company's information security management framework, policies, and resource allocation are outlined as follows:

1. Information Security Risk Management Framework

- (1) The Company has established the Information Engineering Department as the primary authority responsible for information security risk management. The Department is headed by an Information Security Officer and supported by a dedicated specialist. Together, they are responsible for formulating, planning, and implementing the Company's information security risk management policies, and reporting to management on the status of information security governance as necessary.
- (2) The Company's Auditing Office serves as the supervisory body for information security management. It is responsible for overseeing the implementation of the Company's information security policies and measures. In the event that deficiencies or potential risks are identified during audits, the Office shall require the Information Engineering Department to work with relevant units to propose improvement plans and specific corrective actions, while continuously tracking the effectiveness of such improvements to mitigate potential information security risks.
- (3) Information Security Organizational Structure

The Company has established an information security management organization jointly promoted by management, the designated officer, and the implementing units. This structure ensures that information security governance is supported by a comprehensive decision-making, execution, and supervisory mechanism.

Information Security Organizational Structure Diagram



2. Information Security Policy

The Company's information security policy aims to establish a sound information security management mechanism to prevent unauthorized access, data leakage, malicious software, cyberattacks, and other information security incidents. It also stipulates the reporting and incident response procedures to be followed in the event of an information security incident.

(1) Policy Objectives

- A. Establish a comprehensive information security protection mechanism to reduce the risks of operational disruption and information security incidents.
- B. Safeguard the security of the Company's information, customer data, and operating systems, thereby protecting corporate reputation and maintaining customer trust.
- C. Promote organization-wide participation to strengthen internal and external awareness of information security risk management, thereby ensuring business continuity.

(2) Policy Content

A. Continuous Protection and Risk Control

Information security protection is continuous, and risk control must be ongoing. The Company will continuously enhance its information security management by adhering to the principle of "prevention first, detection as a supplement, and response as essential", and by leveraging effective operational and supervisory mechanisms to reduce information security risks.

B. Information System Protection and Resilience

To comprehensively ensure the confidentiality, integrity, and availability of information systems, mitigating operational risks and minimizing disruptions to services caused by computer viruses, malware, or other security threats. This guarantees the continuous operation of critical company systems.

C. Organizational Culture and Employee Education

Strengthens employee information security training and awareness programs, ensuring that all personnel understand the importance of information security and comply with relevant regulations in daily operations, thereby reducing incidents caused by human error.

D. Customer and Operational Safeguards

Through robust information security management, the Company enhances customer trust and satisfaction, while ensuring business competitiveness and supporting the sustainability of the enterprise.

(3) Specific Management Measures

A. Information Security Incident Monitoring and Risk Management

An information security incident refers to any system, service, or network condition, upon verification, that indicates a potential violation of the Company's information security policies or a failure of protection measures, which may affect system functionality and pose a threat to overall information security. To strengthen risk management and prevent potential information security threats, the Company has established three key approaches:

- **Real-time Monitoring:** Abnormal activities are promptly detected through log monitoring and vulnerability scanning.
- **Continuous Prevention:** Regular updates of antivirus signatures and timely application of system patches.
- **Rapid Response:** Establishment of a Computer Security Incident Response Team responsible for incident reporting and response mechanisms.

B. Account and Access Management

- All user accounts must be reviewed and approved by the IT Department, and access rights are granted based on the principle of least privilege.
- Users are required to comply with password policies, including minimum length requirements and the mandatory inclusion of uppercase and lowercase letters, numbers, and special characters.
- Multi-Factor Authentication (MFA) is enabled to enhance account security and safeguard critical systems.
- Regular audits are conducted, and accounts of departed employees are immediately deactivated.

C. Network and System Security

- The internal network is segmented into independent VLANs, and firewalls are deployed alongside endpoint antivirus solutions, with regular updates to virus definitions.
- The use of unauthorized Wi-Fi or VPN connections to the corporate network is strictly prohibited. Only authorized employees and guests are granted access through separate SSIDs, with guests restricted from accessing internal information.

D. Email Security and Social Engineering Prevention

- Strictly prohibited from clicking on suspicious email attachments or links. Any suspicious emails must be reported immediately to the IT Department.
- An email filtering system is implemented to block malicious emails and phishing attacks.

- New employees receive information security awareness training during onboarding to enhance their ability to identify and prevent social engineering attacks.
- E. Additional Strengthening Measures
- Established a data center disaster preparedness plan to ensure business continuity in the event of natural disasters or unforeseen incidents.
- F. Incident Response Mechanism for Information Security Events
- (A) Incident Classification
- **Low-Risk Incidents** (such as suspicious emails or attempts to access potentially unsafe websites)
 - **Medium-Risk Incidents** (such as malware infections, unauthorized access)
 - **High-Risk Incidents** (such as data breaches, DDoS attacks, hacker intrusions)
- (B) Incident Response Procedures
- a. Reporting:
- Users who detect any abnormal behavior must immediately notify the IT Department and their department supervisor via email or phone.
 - If the incident meets the criteria for regulatory notification, the Company will promptly report to the relevant authorities and notify affected parties.
- b. Initial Analysis:
- The IT Department assesses the nature and severity of the incident.
 - In cases involving potential confidential data leakage, the Information Security Officer and the Legal Department are notified immediately.
 - Based on the risk assessment, the Company determines whether escalation to the Board of Directors or regulatory authorities is required.
- c. Containment and Mitigation:
- Isolate affected systems, devices, or compromised user accounts.
 - Perform comprehensive malware scans and remove any detected malicious software.
- d. Investigation and Recovery:
- Conduct analysis to identify the source of the attack and determine the scope of impact.

- Apply necessary patches and security fixes to address identified vulnerabilities.
- Require affected users to reset their passwords.
- e. Post-Incident Review and Strengthening:
 - Develop and implement corrective and preventive measures to prevent the likelihood of similar incidents recurring in the future.

(II) Losses, Potential Impacts, and Response Measures Related to Significant Information Security Incidents in the Most Recent Fiscal Year and up to the Date of the Annual Report:
No such incidents occurred.

Chapter 5 Review and Analysis of Financial Status and Financial Performance and Risk Management

I Comparative Financial Analysis

(I) Comparative analysis of financial statements for the last two years:

Unit: Thousand NT\$

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	1,183,313	1,064,393	118,920	11.17
Property, Plant, and Equipment	5,712	7,578	(1,866)	-24.62
Intangible Assets	4,038	4,266	(228)	-5.34
Other Assets	1,165,582	1,155,874	9,708	0.84
Total Assets	2,358,645	2,232,111	126,534	5.67
Current liabilities	353,612	377,707	(24,095)	-6.38
Other Liabilities	50,316	48,811	1,505	3.08
Total Liabilities	403,928	426,518	(22,590)	-5.30
Share Capital	403,559	403,559	0	0.00
Capital surplus	793	793	0	0.00
Retained Earnings	1,588,661	1,439,537	149,124	10.36
Total Shareholders' Equity	1,954,717	1,805,593	149,124	8.26
Variance Analysis Explanation: The main reasons for the change of 20% or more in the prior and subsequent periods and the amount of the shift amounting to NT\$10 million and its effects are described as follows: No such case.				

(II) Effect of changes in the financial position: None.

(III) Future plans: Not applicable.

II Financial Performance

(I) Comparative analysis of financial performance for the last two years

Unit: Thousand NT\$

Item	2024	2023	Difference	Variance ratio (%)
Total operating revenues	1,195,205	1,187,475	7,730	0.65
Sales returns and discounts	(986)	(6,866)	5,880	-85.64
Net operating revenue	1,194,219	1,180,609	13,610	1.15
Operating cost	(582,916)	(605,067)	22,151	-3.66
Gross profit	611,303	575,542	35,761	6.21
Operating Expenses	(355,886)	(336,139)	(19,747)	5.87
Other income and expense	0	0	0	0
Operating income (loss)	255,417	239,403	16,014	6.69
Non-operating income and gains (Note 1)	49,610	23,161	26,449	114.20
Non-operating expenses and losses	(490)	(2,227)	1,737	-78.00
Net income (loss) before income tax	304,537	260,347	44,190	16.97
Income tax expense (Note 2)	(20,125)	(58,809)	38,684	-65.78
Net profit (loss) after tax (Note 3)	284,412	201,538	82,874	41.12

Analysis of changes in the percentage of increase or decrease of more than 20%:

Note 1: Other income and foreign exchange gains increased.

Note 2: R&D investment increased.

Note 3: Operating revenue and non-operating income increased.

For the rest, if the change in the prior and subsequent periods does not reach 20% or more and the amount of change does not reach NT\$10 million, analysis is not considered.

III Cash flows

Unit: Thousand NT\$

Cash balance at beginning of period	Net Cash Flows from Operating Activities	Net cash flows from investing activities and fundraising activities	Cash Surplus (Inadequacy)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Finance Management Plan
518,406	238,468	(161,343)	595,531	N/A	N/A

1. Analysis of the changes in cash flow this year:

- (1) Operating activities: The main factors of net cash outflow from operating activities for the period were payment for materials and income tax.

- (2) Investing activities: The main factor of net cash outflow from investing activities was the payment of cash dividends.
2. Cash shortfall remediation and liquidity analysis: N/A
3. Liquidity Analysis for the Coming Year:

Unit: Thousand NT\$

Cash balance at beginning of period①	Estimated full-year net cash flow from operating activities②	Estimated annual cash outflow③	Estimated cash surplus (Shortfall) amount ① + ② - ③	Remedy for cash inadequacy	
				Investment Plan	Finance Management Plan
595,531	286,173	178,365	703,339	N/A	N/A

IV Impact of recent year significant capital expenditures on financial operations: None.

V Reinvestment policy for the most recent year, the main reasons for its profit or loss, improvement plans and investment plans for the coming year: None.

VI Risk Management Analysis and Assessment

1. The impact of interest rates, exchange rate changes and inflation on the Company's profit and loss in the recent year and future measures

Item	2024 (Thousand NT\$)
Interest Expense	490
Exchange (loss) gain	15,319

- (1) Impact of interest rate changes and future measures

The total amount of interest expense for 2024 was NT\$490 thousand. The interest expense was mainly generated from interest on the lease liabilities and did not significantly impact the Company.

- (2) Impact of exchange rate changes and future measures

The Company's products are mainly exported, and its export customers are priced in foreign currencies. The major components, such as ICs, are purchased from foreign vendors and paid in foreign currencies. Considering the relevant factors, the Company's foreign exchange gains and losses were as follow:

- We consider the exchange rate trend and hedge the exchange rate as necessary for purchases and sales of large amounts.
- The use of foreign currency to pay for raw materials naturally hedges the exchange rate risk of the major currencies. Foreign currency operations for hedging supplement it.
- Closely liaise with our bankers to obtain more favorable borrowing (deposit) rates and keep track of exchange rate movements.

- (3) Inflationary Impact and Future Measures

In response to the impact of inflation, the Company will minimize the impact through market transfer and process improvement.

2. The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements/guarantees, and derivative transactions in the most recent year, the main reasons for profit or loss, and the measures to be taken in the future:

- (1) As of the date of the annual report, the Company has not engaged in any high-risk or highly leveraged investments.
- (2) The Company has established the "Procedures for Loaning Funds to Others and Endorsements/Guarantees", which detail the restrictions on loaning funds and endorsements and guarantees. As of the date of the annual report, the Company has not loaned any funds to or endorsed any endorsements/guarantees for others.
- (3) The Company has set forth detailed measures for the operation and risk management of derivative instruments in the "Procedures for the Acquisition or Disposal of Assets". As of the date of the annual report, the Company has not engaged in any derivative financial instruments.

3. Future R&D plans and estimated R&D expenses

The Company's competitive advantage lies in continuous research and development innovation, and the simultaneous success of research and development and marketing is the company's goal. In addition, establishing the company's integrated design and manufacturing concept can improve product quality, reduce costs, and speed up the product development process. Choose the right partners, cultivate the same culture, vision and goals, and build the right organizational culture to create maximum profit with adequate work.

Therefore, in addition to developing forward-looking products that meet the market demand and correctly grasping the direction of R&D, the Company expects to invest 10 to 15% of its annual revenue in R&D. In addition, the Company continues to strengthen its R&D team and provide efficient personnel training to enhance the overall professional quality of R&D. In terms of the ability to introduce production processes, the Company must achieve the ability to raise mass production immediately after product development to improve production yields and reduce product costs, which is an essential factor for the success of R&D and marketing.

4. The impact of significant domestic and foreign policy and legal changes on the Company's financial operations in the most recent year and the measures are taken in response:

The Company follows the requirements of national laws and policies. The relevant departments are always aware of the changes in essential rules and regulations and adjust the internal control system and management methods to ensure that the Company fully complies with the laws and regulations.

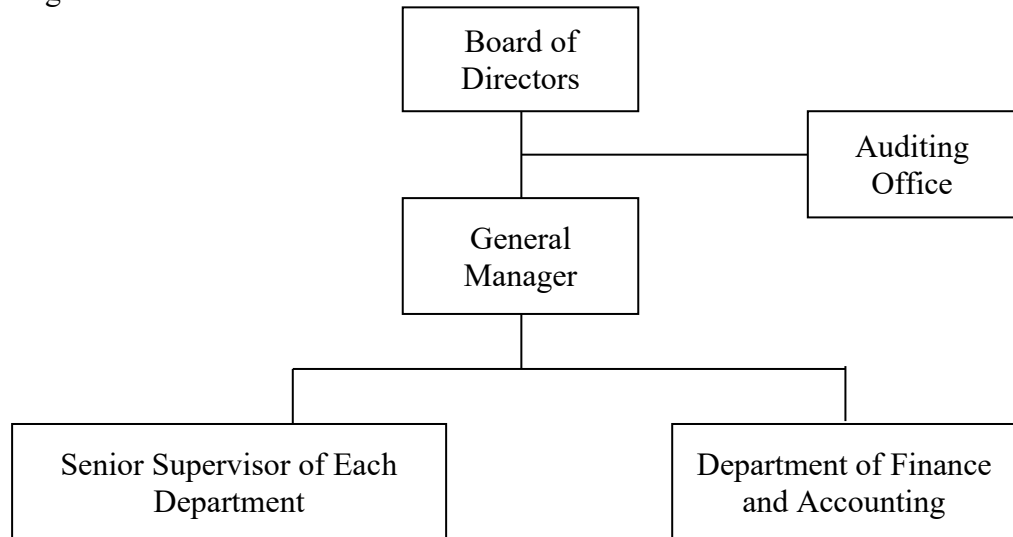
5. Impact of recent annual technological changes (including information security risks) and industry changes on the company's financial business and response measures:
In response to the rapid advancement of technology and evolving industry dynamics, the Company has strengthened its collaboration with customers and actively participated in international exhibitions to closely monitor the latest industry trends and market demands. At the same time, the Company continues to enhance its research and development capabilities to improve product innovation and competitiveness. To address the growing trend of digitalization and the increasing risks associated with information security, the Company has reinforced its information security infrastructure and incident response mechanisms, while also enhancing employee training and awareness programs on information security. These initiatives aim to strengthen employees' understanding of importance of information security and improve their response capabilities. Through the implementation of a robust information security management framework, the Company not only ensures the protection of critical data and systems but also enhances customer trust and satisfaction. This approach helps the Company maintain its competitive edge in the marketplace and sustain healthy financial growth.
6. The impact of the recent corporate image change on corporate crisis management and response measures:
The Company strives to maintain an innovative, positive, and responsible corporate image and our employees have a good sense of commitment to the company.
7. **Expected benefits and possible risks of mergers and acquisitions in the most recent year:** The Company has no plans to undertake mergers and acquisitions in the most recent year.
8. **Expected Benefits and Possible Risks of Recent Annual Expansion:** The Company has no plans to expand the Plant in the most recent year.
9. **Risk of concentration of purchases or sales in the most recent year:** The Company has no risk of excessive concentration of purchases or sales.
10. Directors, supervisors or major shareholders holding more than 10%, the impact and risks of large-scale transfer or replacement of equity on the company: None.
11. Impacts and risks of changes in operating rights on the company: None.
12. Litigation or non-litigation matters:
In connection with the patent infringement dispute with Societa Italiana per lo Sviluppo dell'Elettronica S.p.A, the German court ruled on January 9, 2013, that the Company infringed Sisvel's German Patent No. EP402973 and the Company shall be liable for: (1) court costs of the second trial; (2) reasonable attorney's fees of Sisvel; and (3) compensation for the damages suffered by Sisvel as a result of the infringement. The actual damages shall be calculated based on the calculation of royalties, and the actual

sales figures of the Company shall be used as the basis for the calculation of royalties.
Therefore, a provision of NT\$1,852 thousand was made for the liability.

13. Other important risks: None.

14. Risk Management Organization and Structure:

(1) Organization and Structure:



(2) Job Description:

- A. Board of Directors: Approval of various processing procedures
- B. Supervisors in each department; performance evaluation process
- C. Finance Department: responsible for proposing and executing the process and recording all certificates according to the accounts
- D. Auditors: Checking irregularities

VII Other important matters: None

Chapter 6Special Disclosure

I Related Companies Information:

The Company has no affiliates.

II As of the latest year and the date of publication of the annual report, the status of the handling of private securities:

For the most recent year and as of the date of the annual report, the Company has not entered into any private placement of marketable securities.

III Status of the Company's shares held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report:

The Company has no subsidiaries.

IV Other necessary additional clarifications:

Nil.

V In the most recent year and as of the date of publication of the annual report, if the matters stipulated in Article 36, Paragraph 2, Subparagraph 2 of the Securities Exchange Act have a significant impact on the equity of shareholders or the price of securities:

Litigation Cases Details See page 161 of the annual report for details of the lawsuit.

YUAN High-Tech Development Co., Ltd.



Chairman: Zhao, Xi-Zheng



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