Stock Code：5315

U.R.T.

UNITED RADIANT TECHNOLOGY CORPORATION

光聯科技股份有限公司

# 2023 Annual Report

Not Only Displays, It's About Solutions.

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http://newmops.twse.com.tw

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**V. Name of the trading place where overseas securities are listed for trading, and inquiry method of the information of overseas securities:** NA

**VI. Website of the Company:** http://www.urt.com.tw

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# I. Report to Shareholders

## I. 2023 Business Report.

### (I) 2023 Business Plan Implementation Results:

The business proportions of the main products of the company in 2023 are as follows:

Unit: 1000 units/NT$ thousand

| Main Products | Sales volume in 2023 | | Audited Statements |
|---|---|---|---|
| | Estimated | Actual | Amount |
| LCD | 2,476 | 1,605 | 52,491 |
| LCM | 4,650 | 3,203 | 1,495,261 |
| Others | | | 10,071 |
| Total | 7,126 | 4,808 | 1,557,823 |

### (II) 2023Budget Implementation Status:

Unit: NT$ thousand

| Item | 2023 Budget Implementation Status | | |
|---|---|---|---|
| | Budget | Actual | Achieving rate (%) |
| Net operating income | 2,300,752 | 1,557,823 | 67.7% |
| Operating margin | 301,938 | 260,253 | 86.2% |
| Operating expenses | 146,630 | 167,296 | 114.1% |
| Net Operating income | 155,308 | 92,957 | 59.9% |
| Net profit before tax | 155,308 | 112,523 | 72.5% |
| Income tax benefits | 31,056 | 22,302 | 71.8% |
| Net profit for the period | 124,252 | 90,221 | 72.6% |

The company's revenue achievement rate for 2023 was 67.70%, and its operating gross profit decreased by NT$150,238 thousand and net profit decreased by NT$162,868 thousand as compared to the previous year mainly due to the following factors:

1. This year's operating gross profit decreased compared with last year, which was mainly due to the decrease in revenue caused by the decrease in orders and the increase in costs due to lower production capacity utilization. The gross profit margin this year decreased by 4%.
2. Net profit for this period dropped significantly by 64% compared with last year, mainly due to the decrease in operating gross profit and non-operating foreign currency exchange losses and investment losses.

### (III) Analysis of Receipts, Expenditures, and Profitability:

1. Financial receipts and expenditures: As of December 31, 2023, the Company had total assets of NT$1,888,942 thousand, total liabilities of NT$332,736 thousand, the current ratio was 559.86% and the debt to asset ratio was 17.61%, representing a healthy financial structure.

| Item | | 2023 | 2022 |
|---|---|---|---|
| Financial structure (%) | Equity ratio | 82.39 | 78.40 |
| | Debts ratio (%) | 17.61 | 21.60 |
| | Long-term fund to property, plant and equipment ratio (%) | 1209.22 | 1332.95 |
| Liquidity Analysis (%) | Current ratio | 559.86 | 448.58 |
| | Quick ratio | 477.76 | 348.63 |
| | Times interest earned | 880.09 | 836.97 |

2. Profitability Analysis:

| Item | | 2023 | 2022 |
|---|---|---|---|
| Return on assets (%) | | 4.60 | 12.26 |
| Return on shareholders' equity (%) | | 5.72 | 15.94 |
| Percentage of paid-in capital (%) | Operating profit | 8.74 | 21.63 |
| | Net profit before tax | 10.58 | 29.87 |
| Net profit rate (%) | | 5.79 | 12.99 |
| Earnings per share (NT$) | | 0.85 | 2.38 |

**(IV) R&D Status**

1. The R&D and design departments have a total of 34 employees; the average experience of the R&D staff is over 17 years.
2. Our R&D activities focus on the development of various optoelectronics-related products, including various customized LCD modules and touch modules, LC panels not for display applications, electro luminescence device and reflective displays with low power consumption.
3. The system board that integrates display modules, touch functions and other control interfaces.
4. Highly durable display modules for outdoor or automotive applications.
5. Integrated display products.
6. Dye doped LC panel.
7. Electro luminescence device with quantum dot technology.
8. Reflective color display modules with electrowetting technology.
9. Research and development expenses in 2023 were NT$35,113 thousand, of which NT$11,385 thousand was for new, forward-looking products.

## II. Summary of Business Plan for 2024

**(I) Business Policy :**

1. Promote the digital transformation of management thinking, integrate internal and external information issues, and optimize management decision-making and judgment.
2. Enhance the added value of products, strengthen the integration of product design, manufacturing, and services, including integration solutions for upstream and downstream parts of module displays and software, expand service offerings to customers, and expand various types of customer demands.
3. Promote the digital transformation of production manufacturing, coordinate with the integrated service content of products, optimize production manufacturing processes and automated equipment, and meet customer demands for quality and efficiency.
4. Diversified marketing strategies, in addition to existing channels and customers, actively promote new customer groups with integrated products and superior technologies.
5. Continuously introduce energy-saving and carbon-reduction product strategies, including developing low-energy-consuming products, and continuously introducing greenhouse gas inventory (ISO 14064-1) and energy management systems (ISO 50001) and other plans.

**(II) Business Plan:**

Our primary focus is on selling LCD displays and peripheral products, including mono displays, TFT displays, touch panel, and optical bonding services for touch panel cover glass. Through strategic alliances, we aim to provide customers with the most suitable solutions. Our product portfolio is centered around industrial control, medical, white goods, outdoor applications, and automotive/marine sectors.

The annual operating targets are as follows:

Unit: thousand pcs

| Main Products | Estimated sales volume in 2024 |
|---|---|
| LCD | 1,196 |
| LCM | 3,586 |
| Total | 4,782 |

**(III) Important Production and Marketing Policies:**

1. Marketing strategy:
   (1) Our primary focus is on selling LCD displays and peripheral products, including mono displays, TFT displays, touch panel, and optical bonding services for touch panel cover glass. Through strategic alliances, we aim to provide customers with the most suitable solutions. Our product portfolio is centered around industrial control, medical, white goods, outdoor applications, and automotive/marine sectors.
   (2) Our primary focus is on selling LCD displays and peripheral products, including mono displays, TFT displays, touch panel, and optical bonding services for touch panel cover glass. Through strategic alliances, we aim to provide customers with the most suitable solutions. Our product portfolio is centered around industrial control, medical, white goods, outdoor applications, and automotive/marine sectors.
   (3) Continuously strengthen cooperation with various channels to enhance a diversified range of service offerings. Through regular/irregular visits and educational training, assist distributors in understanding the product's characteristics to effectively expand end customers.
2. Product strategy: New technology and new application

   In response to market changes and the ever-evolving demands of end customers for innovation, we conduct regular brainstorming sessions every month, combining the efforts of our sales teams, R&D, and procurement teams to continuously explore and develop products that meet customer needs, including：
   (1) Outdoor Products: Designed for high durability to meet various environmental demands, including prolonged exposure to sunlight, high temperature and humidity, and impact resistance testing.
   (2) Home appliance products: Smart home is already one of the trends. In addition to energy saving and carbon reduction, AIoT has gradually been extended to home appliances. In addition to requiring more refined resolution, home appliance displays also add a large number of communication functions to meet future communication protocol demands.
   (3) Large Outdoor Advertising Billboards: Research and development of EWD primarily for outdoor reflective environments. In addition to reducing power consumption, it also helps mitigate temperature fluctuations and light pollution, aligning with the crucial direction of future carbon reduction.
   (4) QLED: Research and development of quantum dot technology extends its application to various markets including global blind spot solutions, brand logo, exterior design, feature display, portable lighting, digital taillights, electric bicycle dashboard, and heads-up display (HUD). Its brightness surpasses that of traditional LED lights while achieving energy-saving purposes.

3. Price strategy: optimizing Products, enhancing added value, and emphasizing differentiated services
   (1) Continuously optimize relationships with the supply chain, selecting and establishing long-term partnerships with suppliers.
   (2) Streamline processes and optimize production efficiency: Implement cost reduction strategies to strengthen product competitiveness.
   (3) Strengthen distribution channels: consolidate existing channels, not only stabilizing the customer base of basic channels but also particularly emphasizing the maintenance and communication with major clients.
4. Regional sales strategy: implementing the "Channel Optimization" project using MarTech
   (1) European and the United States region:
      a. Market Segmentation Strategy: Providing customized products and total solution integration services based on the specific needs and specialized applications of each region.
      Germany: Smart windows, electric vehicles, industrial control HMI, home appliance applications.
      UK and France: Medical equipment, public transportation, industrial control HMI, home appliance products, consumer products.
      Northern Europe: Innovative precision instruments, home appliance products, medical equipment, smart meters.
      Italy: Motorcycle instruments, consumer products, automotive.
      Denmark: Civil water and electricity intelligent metering and control, industrial control.
      USA: Automotive, industrial control, smart meters, medical.
      b. Agency strategy:
      Deepen agent channels: Provide support and training, and conduct joint marketing activities to deepen cooperation with channel partners.
      Expand agent channels: Continuously explore and understand local markets and high-quality agent channels with sales capabilities to expand market coverage.
   (2) Japanese Market:
      a. Customer Communication: Conduct regular video conferences to monitor the progress of new case developments, while promoting new URT products online.
      b. Agent Development: Consolidate existing end customers and actively develop potential customer applications.
      c. New Product Promotion: Introduce smart windows, outdoor high-brightness and touch products, reflective low-energy products, etc.
      d. Visit Japanese Customer Taiwan Branch: Regularly visit Japanese customer branches in Taiwan to promote new products and continuously seize new business opportunities.
   (3) Domestic Regions:
      a. Target industries such as motorcycle instruments/communication/medical/ charging piles/access control systems/mixers to expand new customers and markets.
      b. Promote system integration/smart dimming displays, increase the supply and service of medium-large size/ultra-high brightness standard products, and expand new application markets and customer sources through strategic partners providing system board development/combined hardware and software services.
      c. In addition to cultivating existing customers, promote large-size optical bonding (OCA/OCR) technology and capacitive touch panel products to expand sales.
      d. Establish a one-stop service model, combine hardware and software integration solutions with strategic partners, and provide complete services to customers to establish long-term cooperation relationships.

e. Utilize existing production equipment/resources to increase OEM services, activate production lines, and increase utilization rates.

**(IV) Operational R&D plan and implementation**

Based on the technology of the core product - LCD/TP panels and modules, we are working to expand our products portfolio including:

1. Human machine interface modules integrated with display and touch function.
2. Automotive instrument display module.
3. Access control display module.
4. Dye doped LC panels for automotive lighting.
5. Reflective color electrowetting display module for outdoor digital signage.
6. Dynamic focus LC lens.
7. Quantum dot electro luminescence device in segment type.
8. Integrated display/touch module with casing of the end product.

**(V) Company's Future Development Strategy, and the Effect of External Competition, the Legal Environment, and the Overall Business Environment**

1. Future Company Development Strategy
   (1) Initiate cross-industry alliances to develop new product applications and innovative business models:
      a. The power saving colorful display has entered the popular e-book and massive advertising billboard market.
      b. Develop smart displays to provide smart windows for the airline and transportation industries.
      c. The smart LED street lighting will provide a smart solution for public construction.
      d. The EWD display technology will dominate the outdoor billboard market.
   (2) Implement the Vehicle-to-everything and AI applications, and continue to develop products that meet the EMI, EMC, and high brightness specifications for automotive applications to enter the automotive market.
   (3) Utilize the medical network and AI application to develop multi-functional screening devices, blood glucose meters, blood pressure monitors, and other displays for medical devices.
   (4) Implement the Internet of Things and AI to develop wearable low power consumption STN LCD, soft LCD and curved touch panel to meet the market demand in wearable product applications.
   (5) To respond to the changes in the display market at this phase:
      a. In response to the post-COVID-19 epidemic, due to the shortage of panel materials caused by the pandemic, we have been planning ahead and communicating closely with our customers to ensure smooth delivery by providing clear forecasts and orders in both the short and long term.
      b. Focus on the high value-added market with high technology level to avoid the low margin consumer market.
2. The effect of external competition, the legal environment, and the overall business environment:
   (1) Effect of external competition:
   After the epidemic, the world will face more shocks and inflationary pressures, and global supply chains, logistics and transportation will undergo major changes. The EU will impose carbon tariffs in 2026, which will affect the import costs of countries exporting to the EU to achieve the goal of net zero in 2050. The need for enterprises to promote sustainable development will be more urgent than ever. How to achieve

openness and transparency in disclosing relevant information and operating processes will also put enterprises under pressure. In view of this, companies strengthening the digital transformation of their supply chains should bring insights and efficiency improvements to them. Only by using digital technology and strategic tools to implement important decision-making responsibilities can we build a good operating constitution to meet future challenges.

(2) Effect of legal environment:

Compliance with the law is an important indicator for establishing an ethical culture and maintaining corporate image. Information security is the fundamental element to protect the important IT assets in the company. In a future where technology is advancing rapidly, only sound businesses will have the opportunity to win and operate sustainably. [Corporate Governance 3.0 Sustainable Development Blueprint] Taking into account the increasing international attention to TCFD, we will further standardize the preparation of sustainability reports by listed companies and strengthen the disclosure of sustainability reports. This will help investors understand the impact of climate change on the company and allow companies to face up to the impact of climate change and effectively assess risk. Global regulations are transforming at a rapid pace, and carbon reduction has changed from a matter of corporate "competitiveness" to a matter of basic "survivability." In addition to paying close attention to international developments, companies should develop their own carbon reduction strategies and blueprints.

(3) Effect of overall business environment:

In 2023, we will experience rising inflation, FED interest rate hikes, currency market fluctuations, the escalating technology war between the United States and China, and the stalemate war between Russia and Ukraine, leaving the global economic recovery with weak momentum. At this stage, the FED has kept interest rates unchanged, and interest rate increases have gradually slowed down, and the economy is expected to enter a soft landing. Entering this year, 2024, inflationary pressures have eased and the AI field has made progress. Global economic activities remain sluggish, financial conditions remain tight, and geopolitical frictions disrupt global trade and supply chains. Enterprises must think ahead about response strategies and provide proactive, robust and timely risk insights to make effective decisions.

(4) URT has been committed to improving the working environment, providing reasonable wages, communicating with employees in a transparent and effective manner, enhancing employee functions, encouraging employees to engage in community activities, and promoting health, environmental protection and care for the disadvantaged through charitable donations since its establishment 34 years ago. We have created workplace safety, provided employee care, effectively reduced energy consumption, and implemented the company's business policy and development strategy to provide a full range of products and services in order to continue to generate positive operating results.

Chairman：Mon-Han Wu

# II. Company Profile

**I. Date of Incorporation:** June 26, 1990

**II. Company History:**

1990 : The Company's capital in June was NT$75,100,000.
In September, the Company was officially established and immediately started to arrange production lines, to purchase and to install machines and equipment. The Company's capital was increased to NT$150,000,000 after receiving the second share payment.

1991 : The production line was completed in April, and all employees worked hard to develop the market with our own brand.

1992 : In May, the capital was increased by NT$45,000,000. The Company was able to attract customers' attention to the products; therefore, the business was growing. The total paid-in capital was increased to be NT$195,000,000.

1993 : The Company was able to make a profit in January and won the trust from customers with its excellent product quality. We were confident that we could successfully enter the market.

1994 : In March, we moved into a newly purchased office building because the original lease office in Taipei was out of space.
To increase production capacity, the Company purchased additional machines, equipment and plants; therefore, the Company increased its capital in cash by NT$114,700,000 resulting in total capital to be NT$309,700,000.
The Company's shares were approved for public offering by the Securities and Futures Commission, Ministry of Finance, in accordance with the Letter (83) Tai Cai Zheng (Yi) No. 31945.

1995 : Launched LCM plant.
The capital was increased by NT$50,120,000 from retained earnings resulting in total paid-in capital to be NT$359,820,000.
Invested to established UNITED RADIANT TECHNOLOGY (H.K.) CO., LTD.
Invested to established U.R.T. German Office.
Invested in RODAN (TAIWAN) LTD.
Invested in OPTO TECH CORPORATION
The LCD factory was ISO9001 certified.

1996 : The capital was increased by NT$93,830,000 from retained earnings resulting in total capital to be NT$453,650,000.
The Company was listed in Gre Tai Securities Market (Taipei Exchange).
The LCM plant was ISO9001 certified.

1997 : The capital was increased by NT$90,250,000 from retained earnings and NT$256,350,000 from cash, resulting in total pain-in capital to be NT$800,250,000.

1998 : The Company's capital was increased by NT$178,995,000 from retained earnings and NT$80,025,000 from capital surplus, resulting in total paid-in capital to be NT$1,059,270,000.
Issued the first domestic unsecured convertible bonds in the amount of NT$600,000,000.

1999 : The capital was increased by NT$184,533,000 from retained earnings and NT$105,927,000 from cash, resulting in total paid-up capital to be NT$1,349,730,000.
In March, invested and established United Radiant Investment & Development Co., Ltd.

2000 : The Company's capital was increased by 134,973,000, resulting in total paid-in capital to be NT$1,484,703,000.

2001 : Director Pei Chang Wang became President in March.
Director Yung Chiang Huang became Chairman in June.

2002 : Acquired new Color-STN machine and installed equipment for clean room to launch the new C-STN color technology. LCD and LCM plants were certified with ISO 9001 (2000 version) and ISO 14001.
Increased capital in cash by NT$460,000,000, resulting in total paid-in capital to be NT$1,884,703,000.

2003 : Certified with ISO/TS16949-2002; C-STN is officially in mass production.
As of December 31, 2003, the convertible bonds payable with a face value of NT$234,400 thousand were induced to convert into 20,543 thousand common shares at a conversion price of NT$11.41 per share. The change of registration was completed and the total paid-in capital became NT$2,090,136,050.

2004 : Issued the second domestic secured convertible bond in the amount of NT$800 million.
Convertible bonds with face value of NT$2 million were converted, resulting in total paid-in capital to be NT$2,091,326,510.

2005 : Director Tzu-Hua, Han became the Chairman of the Board in June.
The capital was increased by NT$41,586,530 from retained earnings resulting in total paid-in capital to be NT$2,132,913,040.

2006 : The investment amount of US$18.5 million was approved by the Investment Commission of the Ministry of Economic Affairs on February 7, 2006 with the letter Jing Shen Er Zi No. 09500013290.
Invested to establish FIRSTHILL LIMITED and UNITED RADIANT,LTD. The second domestic secured convertible bond with a face value of NT$354,600 thousand was converted into 26,831 thousand common shares and the change of registration was made, resulting in total paid-in capital increased to be NT$2,400,033,210.
The Company received the certificate of approval for Lien Wei Optoelectronics Technology (Suzhou) Ltd. on February 10.

2007 : Set up a TP plant.
Certified with OHSAS 18001 in February.
In March, we were certified by the Labor Affairs Commission of the Ministry of Economic Affairs as a Employee-Friendly Workplace.
The Company received the certificate of land use right for Lien Wei Optoelectronics Technology (Suzhou) Ltd. in June.
The Company received the business license of Lien Wei Optoelectronics Technology (Suzhou) Ltd. in July.

2008 : In February, capitalization of treasury stock was reduced by 1,200,000 shares, resulting in total paid-in capital to be NT$2,388,033,210.
In April, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.
The second domestic secured convertible bond with a face value of NT$445,400 thousand was redeemed.
In November, the cancellation of 2,500,000 shares of treasury stock resulted in total paid-in capital to be NT$2,363,033,210.

2009 : In September, the cancellation of 1,145,000 shares of treasury stock resulted in total paid-in capital to be NT$2,351,583,210.
Issued the third domestic secured convertible bond in the amount of NT$200 million in December.

2010 : Reduced the capital by NT$762,097,550 in July to offset the loss, resulted in total paid-in capital to be NT$1,589,485,660.
Lien Wei Optoelectronics Technology (Suzhou) Ltd. opened on December 6.
The fifth plant in Taichung Port Technology Industrial Park, Wuqi District, Taichung, opened on December 30.

2011 : The third secured convertible bond with a face value of NT$200 million was redeemed on December 28.

2012 : In April, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.
The liquidation of the branch in Germany was settled in May.

2013 : Adopted IFRS.
In April, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.
In August, the liquidation of United Radiant Investment & Development Co., Ltd. was settled.
Director Chien Wen, Yeh became President in October.
In November, the cancellation of 5,967,340 shares of treasury stock resulted in total paid-in capital to be NT$1,583,518,320.

2014 : In April, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.
Re-elected directors and supervisors and elected 2 independent directors in May.
Reduced the capital by NT$520,000,000 in June to offset the loss, resulted in total paid-in capital to be NT$1,063,518,320.
In November, the Company was ranked the 3rd in the 2014 Water Conservation Performance Award by the Export Processing Zone Administration of the Ministry of Economic Affairs.

2015 : Invested to establish BRIGHT YEH,LTD. and Bright Yeh Technology (Huizhou) Co., Ltd. in February.
Transfer of the fifth plant in Taichung Port Technology Industrial Park, Wuqi District in June and termination of the land lease contract.
In October, FIRSTHILL LTD. signed a share purchase agreement with UNITED RADIANT, LTD. to purchase its shares of Lien Wei Optoelectronics Technology (Suzhou) Ltd.

2016 : Margin trading and short selling were resumed in March.
In September, FIRSTHILL LTD. completed the transaction with UNITED RADIANT, LTD. to purchase its shares of Lien Wei Optoelectronics Technology (Suzhou) Ltd.

2017 : Invested MIORTECH HOLDING B.V. in the Netherlands in April, the percentage of ownership was 4.939%.
Re-elected directors and supervisors and elected 3 independent directors in May.
In June, 3,000,000 shares of the Company were bought back by means of treasury stock.
Invested MIORTECH HOLDING B.V. in the Netherlands in December, representing 9.28% of the ownership.

2019 : The fourth buyback of treasury shares made in May and transferred 2,350,000 shares to employees.
First Hill LTD reduced capital in June by USD9,802,586 to offset the loss; therefore, the Company received the capital refund of USD8,500,000.

2020 : In March, 3,000,000 shares of the Company were bought back by means of treasury stock.
Re-elected directors and elected 3 independent directors in May.
Set up an Audit Committee in May.
Elected 3 members for the 4th term of the Remuneration Committee in May.
In May, Chiu Rang, Yeh became the Chairman of the Board and Chief Strategy Officer.
In June, Director Chien Wen, Yeh became Vice Chairman and President.
In September, the Company won the tender for the buildings 12-1 and 14-1 located in South 2nd Road, Tanzi District for the plant expansion project.

2021 : In February, the Company won the tender for the lot No. 410-000 and building No. 411-000 (the building at No. 15-3, Beihuan Road) in the Tanzi District.
The fourth buyback of treasury shares made in April and transferred 650,000 shares to employees.
The fifth buyback of treasury shares made in April and transferred 3,000,000 shares to employees.
In August, the Chairman and Director of the Company, Chien Wen, Yeh, resigned.
In August, Tzu-Hua, Han became Chairman of the Board.

2022 : Invested Hongyi Optical Co. Ltd. in April, the percentage of ownership was 31.44%.

2023 : Corporate director representative: Mon-Han,Wu, was appointed as the new chairman in May.
Hongyi Optical Co. Ltd. capital increased in June, the percentage of ownership was 19.87%.
Invested Immense Oak Technology Inc. in Nov., the percentage of ownership was 32.53%.
In December, Chien Wen, Yeh, resigned as Chief Strategy Officer.

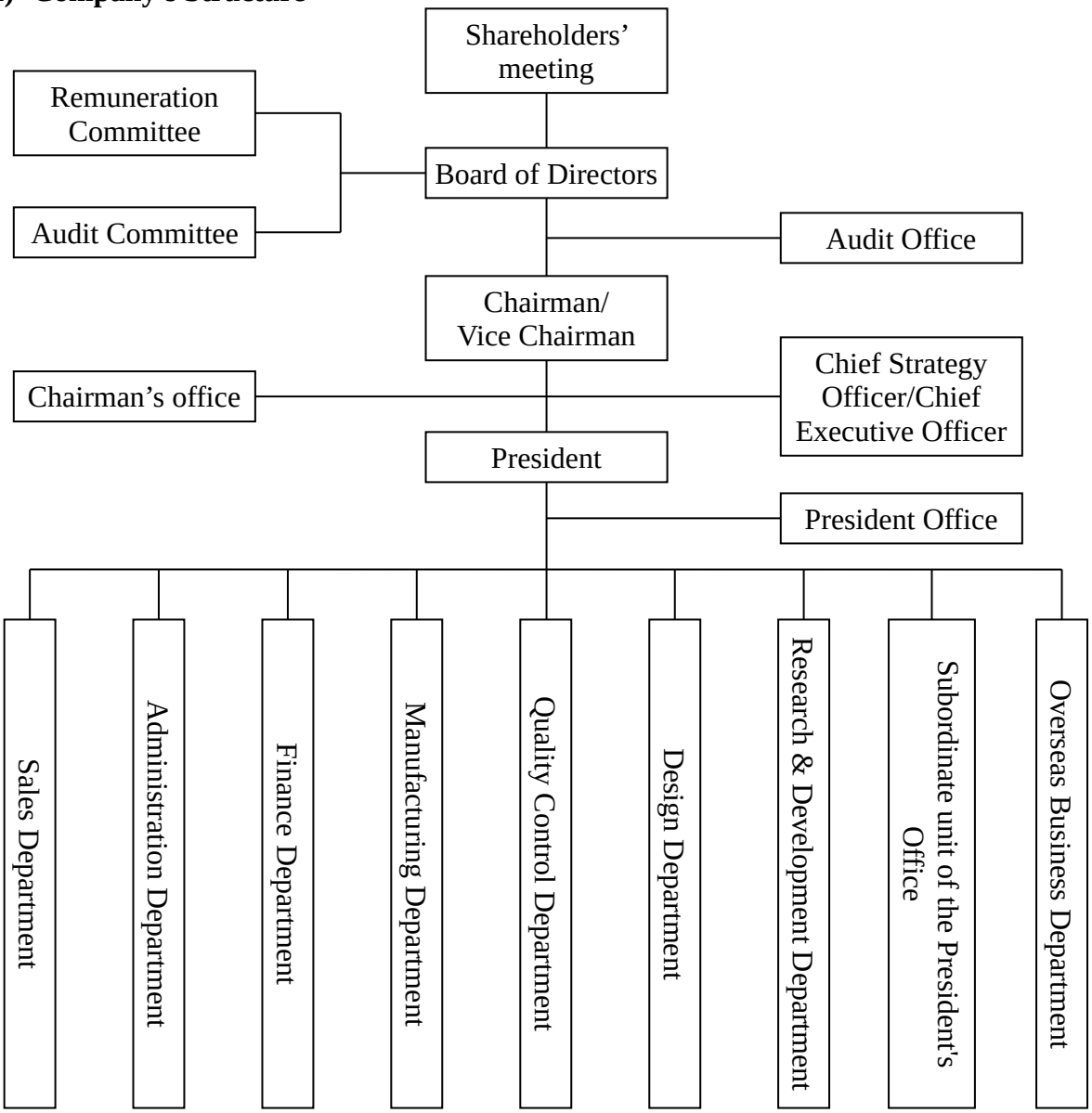
2024 : Corporate director representative：Mon-Han,Wu, was appointed as the new Chief Strategy Officer in February.

The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following: merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity. This section shall further explain how the above matters will affect the company: None.

# III. Corporate Governance Report

## I. Organizational System:

### (I) Company's Structure



**(II) Responsibilities of Main Departments**

| Main Department | Responsibilities |
|---|---|
| Chairman's office | Assist the Chairman in carrying out the powers and responsibilities vested in him/her by the Company Act and to assist in convening meetings of the Board of Directors.<br>Discuss major corporate motions and strategies and to execute the resolutions made by the Board of Directors. |
| Audit Office | Check that internal controls are operating effectively on an ongoing basis.<br>Make recommendations for improvement and report regularly. |
| Chief Strategy Officer | Provide the medium and long-term development strategy for the Board of Directors. |
| President Office | Manage all the business of the Company in accordance with the resolutions adopted by the shareholders' meeting and the Board of Directors.<br>Set, plan, analyze and manage the Company's operating targets. |
| Quality Control Department | 1. Plan the quality system.<br>2. Convene the management review meeting.<br>3. Inspect incoming materials, control production processes, product incoming and ensure the quality of incoming products in advance.<br>4. Manage and implement the ISO9001 quality management system, ISO14001 environmental management system, TS16949 special requirements for automotive industry, OHSAS18001 & TOSHMS occupational safety and health system. |
| Finance Department | 1. Prepare short-, medium- and long-term capital acquisition and utilization plans.<br>2. Prepare, analyze, track and review the financial statements.<br>3. Analyze costs and manage decisions. |
| Administration Department | 1. Recruit, train, adjust wages, manage promotion and administrative matters related to human resources.<br>2. Manage materials, finished goods, and inventory.<br>3. Control the production and delivery schedule according to the order arrangements.<br>4. Purchase materials and components that meet quality standards. |
| Research & Development Department | 1. Develop new products and the core technology directions.<br>2. Review product, technology and equipment development projects.<br>3. Supervise the implementation of product, technology and equipment development projects. |
| Design Department | 1. Design and improve the production process, review, design and produce specifications for new products.<br>2. Plan the APQP, PPAP and DFMEA. |
| Manufacturing Department | 1. Maintain, repair and plan for production machines and factory facilities.<br>2. Execute the operational objectives in accordance with the operating plan instructed by the manager.<br>3. Responsible for the planning, design and production of large size signage (information panel).<br>4. Manufacture the touch panel. |
| Sales Department | Develop new customers and markets to expand the Company's business scope, so that the Company can continue to grow and achieve the sales targets set by the management in order to generate profits. |
| Overseas Business Department | Responsible for the operating planning and execution for the overseas subsidiaries. |

## II. Information of Directors, Supervisors, President, Vice Presidents, Assistant Vice President and Heads of Various Departments and Branches

# Information of Director (I)

March 23, 2024

| Job title | Nationality or place of registration | Name | Gender Age | Date of election (taking office) (Note 1) | Term of office | Date of first appointment | Shareholding at the time of appointment | | Current shareholding | | Shareholding of spouse and minor children | | Shareholdings in the names of other people | | Major work experience (education background) | Positions at the company and other companies concurrently held | Other managers, directors or supervisors with a spouse or second degree of kinship | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Director | Republic of China | Yi Bei Yi Investment Co., Ltd. | None | 112.05.24 | 3 | 109.05.21 | 2,988,000 | 2.81 | 3,688,000 | 3.47 | 0 | - | 0 | - | None | None | None | None | None | None |
| Chairman | Republic of China | Corporate representative: Mon-Han, Wu | Male 41-50 | 112.05.24 | 3 | 112.05.24 | 0 | - | 150,000 | 0.14 | 800,000 | 0.75 | 0 | - | PhD in Chemical Engineering, University of London, UK | Independent Director,Acer Medical Inc. Executive Director of Side Investment Co., Ltd. | Director | Chien Wen, Yeh | Relative within 2nd degree of kinship | None |
| Director | Republic of China | Chien Wen, Yeh | Male 41-50 | 112.05.24 | 3 | 100.06.24 | 1,788,000 | 1.68 | 1,788,000 | 1.68 | 0 | - | 0 | - | Master in Department of Energy Engineering, National United University | Vice Chairman and President | Director | Mon-Han, Wu | Relative within 2nd degree of kinship | None |
| Director | Republic of China | NESTECH Investment Co., Ltd. | None | 112.05.24 | 3 | 106.05.22 | 2,188,000 | 2.06 | 2,188,000 | 2.06 | 0 | - | 0 | - | None | None | None | None | None | None |
| | Republic of China | Corporate representative: Yao-Min Wang | Male 51-60 | 112.05.24 | 3 | 112.05.24 | 360 | - | 360 | - | 386 | - | 0 | - | Master of Chemistry National Taiwan University | Executive Vice President, United Radiant Technology Corporation | None | None | None | None |
| Director | Republic of China | Ko-Ju Lin | Female 51-60 | 112.05.24 | 3 | 112.05.24 | 510,849 | 0.48 | 368,849 | 0.35 | 0 | - | 0 | - | Department of Business Administration, National Chung Hsing University | Vice President, United Radiant Technology Corporation | None | None | None | None |
| Director | Republic of China | Chien-Yi, Yang | Male 61-70 | 112.05.24 | 3 | 106.05.22 | 1,600,000 | 1.50 | 1,600,000 | 1.50 | 0 | - | 0 | - | Department of Electrical Engineering, Lee Ming College | Chairman and President, SYSTECH GROUP CORPORATION | None | None | None | None |
| Director | Republic of China | Hsiu-Mei, Yeh | Female 61-70 | 112.05.24 | 3 | 112.05.24 | 36,000 | 0.03 | 100,000 | 0.09 | 0 | - | 0 | - | Department of Law, National Taiwan University | Attorney-in Charge, Wei Hsin Attorney At Law | None | None | None | None |

| Job title | Nationality or place of registration | Name | Gender Age | Date of election (taking office) (Note 1) | Term of office | Date of first appointment | Shareholding at the time of appointment | | Current shareholding | | Shareholding of spouse and minor children | | Shareholdings in the names of other people | | Major work experience (education background) | Positions at the company and other companies concurrently held | Other managers, directors or supervisors with a spouse or second degree of kinship | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Independent Director | Republic of China | Hung-Chu, Hsu | Male 61-70 | 112.05.24 | 3 | 112.05.24 | 15,716 | - | 0 | - | 0 | - | 0 | - | Department of International Trade Tamkang University | Antism-Miaoli Organization Advisor | None | None | None | None |
| Independent Director | Republic of China | Chuan-Kuo, Yang | Male 61-70 | 112.05.24 | 3 | 112.05.24 | 0 | - | 0 | - | 0 | - | 0 | - | Master of Political Science Cultural University | Intellectual Property Consultant | None | None | None | None |
| Independent Director | Republic of China | Tsang-Der, Ni | Male 61-70 | 112.05.24 | 3 | 106.05.22 | 0 | - | 0 | - | 0 | - | 0 | - | M.S./Ph.D. in Electrical Engineering, Drexel University, USA | Chairman & President, J-MEX INC. | None | None | None | None |

Note 1: Nine directors (including three independent directors) were re-elected at the annual general shareholders' meeting held on May 24, 2023.
Note 2: Please list the actual age and express it in a range, for example, 41 to 50 years old or 51 to 60 years old.

Table 1: Major Shareholders of Institutional Shareholders

March 23, 2024

| Name of Institutional Shareholders | Major Shareholders of Institutional Shareholders | Shareholding ratio |
|---|---|---|
| NESTECH Investment Co., Ltd. | Chien Wen, Yeh | 100% |
| Yi Bei Yi Investment Co., Ltd. | Chiu Rang, Yeh | 20% |
| | Li-Hsueh Chen | 20% |
| | Yi Wen, Yeh | 20% |
| | Chien Wen, Yeh | 20% |
| | Yi Lin, Yeh | 20% |

**Information of Director (II)**

1. Directors' Professional Qualifications and Independent Directors' Independence Status

| Criteria / Name | Professional Qualification and Experience (Note 1) | Independence status (Note 2) | Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director |
|---|---|---|---|
| Mon-Han, Wu | Work experience in legal affairs, finance, accounting or other disciplines required for the company's business. | 1. No representative of a institutional shareholders is concurrently elected or serves as a director and supervisor of the Company.<br>2. No more than half of the directors are relatives within two degrees of kinship with each other. | 1 |
| Chien Wen, Yeh | | | 0 |
| Yao-Min Wang | | | 0 |
| Ko-Ju Lin | | | 0 |
| Chien-Yi, Yang | | | 0 |
| Hsiu-Mei, Yeh | Attorneys who has been awarded a professional certificate | | 0 |
| Hsiu-Mei, Yeh | Work experience in legal affairs, finance, accounting or other disciplines required for the company's business. | | 0 |
| Chuan-Ku0, Yang | | | 0 |
| Tsang-Der, Ni | | | 0 |

2. Board Diversity and Independence

(1) Diversity of the Board of Directors: Please specify the Board of Directors' diversity policy, goals and achievement thereof. The Board of Directors' diversity policy includes without limitation to the directors' election criteria, professional qualifications and experience required from the Board of Directors, and the composition or percentage of gender, age, nationality and culture. Please also specify the Company's specific goals for said policy, and achievement thereof.

The Company's current Board of Directors consists of nine directors, including three independent directors. All board members possess extensive experience and expertise in the finance, accounting, management and law. The Company has made and implemented diversity policy for the Board of Directors, emphasized gender equality in composition of the Board of Directors which includes 2 female directors. The percentage of female directors is targeted at 22% in order to improve the structure of the Board of Directors of the Company. A list of the ability of the Board of Directors is shown in the following table:

| Job title | Name | Gender | Directors' Profile | | | | | | | | Gender as a percentage of all directors | | Independent director as a percentage of all directors | Directors who are employee of the Company as a percentage of all directors | Age distribution of all directors | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Leadership | Decision-making capacity | Make judgments about operations | Operational management | Knowledge of the industry. | Finance/Accounting | Risk Management | International market perspective. | Male | Female | | | Over 50 years old | Under 50 years old |
| Chairman | Corporate Representative of Yi Bei Yi Investment Co., Ltd.: Mon-Han, Wu | Male | √ | √ | √ | √ | √ | √ | √ | √ | 78% | 22% | 33.3% | 33.3% | 78% | 22% |
| Director | Chien Wen, Yeh | Male | √ | √ | √ | √ | √ | √ | √ | √ | | | | | | |
| Director | Corporate Representative of NESTECH Investment Co., Ltd.: Yao-Min Wang | Male | √ | √ | √ | √ | √ | - | √ | √ | | | | | | |
| Director | Ko-Ju Lin | Female | √ | √ | - | √ | √ | √ | √ | √ | | | | | | |
| Director | Chien-Yi, Yang | Male | √ | √ | - | √ | √ | - | √ | √ | | | | | | |
| Director | Hsiu-Mei, Yeh | Female | √ | √ | - | - | √ | - | √ | √ | | | | | | |
| Independent Director | Hung-Chu, Hsu | Male | √ | √ | √ | √ | √ | √ | √ | √ | | | | | | |
| Independent Director | Chuan-Kuo, Yang | Male | √ | √ | √ | √ | √ | √ | √ | √ | | | | | | |
| Independent Director | Tsang-Der, Ni | Male | √ | √ | - | √ | √ | √ | √ | √ | | | | | | |

a. Succession plan for board members: The Company's articles of incorporation expressly specify the candidate nomination system for the election of directors. The composition of the board of directors is determined in accordance with the Company's "Corporate Governance Best Practice Principles" "Rules Governing the Election of Directors" and "Rules Governing the Remuneration to Directors and Supervisors", and in line with the Company's development blueprint and diversification policy, the Company recruits professionals with expertise in industry, technology, law and finance and accounting. In addition to providing directors with training information from time to time, the Company also regularly arranges continuing courses for them on subjects including corporate governance, internal control systems and financial reporting obligations, in order to continuously enhance their professional skills and to arrange succession plans and candidates for directors.

b. Succession plan for important executives: We hold regular training courses for executives at all levels every year in order to train adequate executives. Our executives regularly attend important operating meetings and strategic planning-related meetings with the president and other departments to establish a succession hierarchy through stimulating discussions at these meetings; in addition, we have established a talent database system to review high-potential talent at any time for accurate selection of the succession team.

(2) Independence of the Board of Directors: Please specify the number and percentage of independent directors, and also explain that the Board of Directors is functioning independently, attached with the reasons to explain whether the circumstances referred to in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act are met or not, and also the statement about the relationship, such as spouse or relative within the second degree of kinship, between directors, supervisors, or directors and supervisors.

a. The Board of Directors is in compliance with the independence criteria and does not have any of the circumstances specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.
b. No more than half of the directors have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

## (II) Information of President, Vice Presidents, Assistant Vice Presidents, and Heads of Various Departments and Branches

March 23, 2024

| Job title | Nationality | Name | Gender | Elected (Appointed) Date | Number of shares held | | Shareholdings of spouse and minor children | | Shareholdings in the names of other people | | Major work experience (education background) | Concurrent positions at other companies | Managers with a spouse or relative within the second degree of kinship | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Job title | Name | Relationship | |
| Vice Chairman and President | Republic of China | Chien Wen, Yeh | Male | 2020.06.11 | 1,788,000 | 1.68 | 0 | - | 0 | - | Master in Department of Energy Engineering, National United University | - | - | - | - | None |
| Executive Vice President | Republic of China | Yao-Ming Wang | Male | June 01, 2023 | 360 | - | 386 | - | 0 | - | Master, Department of Chemical Engineering, National Taiwan University | - | - | - | - | None |
| Vice President | Republic of China | Ko-Ju Lin | Female | June 24, 2020 | 368,849 | 0.35 | 0 | - | 0 | - | Department of Business Administration, National Chung Hsing University | - | - | - | - | None |
| Vice President | Republic of China | Tzu-Yun Hsu | Male | June 24, 2020 | 27,209 | 0.03 | 509 | - | 0 | - | Master, Department of Chemical Engineering, Tatung University | - | - | - | - | None |
| Senior Director | Republic of China | Ya-Ching Lee | Male | June 24, 2020 | 1,000 | - | 0 | - | 0 | - | Tamkang University | - | - | - | - | None |
| Senior Director | Republic of China | Ming-Nan Chen | Male | June 24, 2020 | 48,104 | 0.05 | 6,033 | 0.01 | 0 | - | M.S. in Information Management, City University of New York; M.B.A., City University of New York | - | - | - | - | None |
| Corporate Governance Officer | Republic of China | Li-hong Chen | Male | June 01, 2024 | 0 | - | 0 | - | 0 | - | Department of Banking and Insurance ,Feng Chia University | - | - | - | - | None |
| Accounting Supervisor | Republic of China | Kun-quan Liu | Male | June 09, 2024 | 0 | - | 0 | - | 0 | - | Accounting and Statistics Section National Taipei Business College | - | - | - | - | None |

Note 1: "-" means 0 or not applicable, the following tables are applicable to this annual report.

## III. Remuneration Paid to Directors, Supervisors, President and Vice Presidents

### 1. Remuneration of General Directors and Independent Directors

Unit: NT$ thousand

| Job title (Note) | Name | Remuneration of directors | | | | | | | | (A+B+C+D) as a % of Net Income | | Remuneration received for concurrent employee positions | | | | | | | | (A+B+C+D+E+F+G) as a % of Net Income | | Compensation paid to directors from non-consolidated affiliates or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Compensation (A) | | Severance Pay and Pensions (B) | | Directors' remuneration (C) | | Allowances (D) | | | | Salary, bonus and special fee (E) | | Severance Pay and Pensions (F) | | Employee's compensation (G) | | | | | | |
| | | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | | From all consolidated entities | | The Company | From all consolidated entities | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Chairman | Corporate Representative of Yi Bei Yi Investment Co., Ltd.: Mon-Han, Wu | 1,428 | 1,428 | - | - | 778 | 778 | 120 | 120 | 2,326 2.58% | 2,326 2.58% | - | - | - | - | - | - | - | - | 2,326 2.58% | 2,326 2.58% | - |
| Director | Chien Wen, Yeh | - | - | - | - | 973 | 973 | 120 | 120 | 1,093 1.21% | 1,093 1.21% | 3,626 | 3,626 | 108 | 108 | 250 | - | 250 | - | 5,077 5.63% | 5,077 5.63% | - |
| Director | Corporate Representative of NESTECH Investment Co., Ltd.: Yao-Min Wang | - | - | - | - | 486 | 486 | 120 | 120 | 606 0.67% | 606 0.67% | 1,866 | 1,866 | 100 | 100 | 150 | - | 150 | - | 2,722 3.02% | 2,722 3.02% | - |
| Director | Ko-Ju Lin | - | - | - | - | 146 | 146 | 120 | 120 | 266 0.29% | 266 0.29% | 2,008 | 2,008 | 108 | 108 | 150 | - | 150 | - | 2,532 2.81% | 2,532 2.81% | - |
| Director | Chien-Yi, Yang | - | - | - | - | 486 | 486 | 120 | 120 | 606 0.67% | 606 0.67% | - | - | - | - | - | - | - | - | 606 0.67% | 606 0.67% | - |
| Director | Hsiu-Mei, Yeh | - | - | - | - | 146 | 146 | 79 | 79 | 225 0.25% | 225 0.25% | - | - | - | - | - | - | - | - | 225 0.25% | 225 0.25% | - |
| Director | Tzu-Hua, Han | 894 | 894 | - | - | 293 | 293 | 48 | 48 | 1,235 1.37% | 1,235 1.37% | - | - | - | - | - | - | - | - | 1,235 1.37% | 1,235 1.37% | - |
| Independent Director | Hung-Chu, Hsu | - | - | - | - | 258 | 258 | 144 | 144 | 402 10.45 % | 402 10.45% | - | - | - | - | - | - | - | - | 402 0.45% | 402 0.45% | - |
| Independent Director | Chuan-Kuo, Yang | - | - | - | - | 258 | 258 | 144 | 144 | 402 0.45% | 402 0.45% | - | - | - | - | - | - | - | - | 402 0.45% | 402 0.45% | - |
| Independent Director | Kao-Ming, Tsai | - | - | - | - | 177 | 177 | 96 | 96 | 273 0.3% | 273 0.3% | - | - | - | - | - | - | - | - | 273 0.30% | 273 0.30% | - |
| Independent Director | Hsiu-Mei, Yeh | - | - | - | - | 177 | 177 | 89 | 89 | 266 0.29% | 266 0.29% | - | - | - | - | - | - | - | - | 266 0.29% | 266 0.29% | - |
| Independent Director | Tsang-Der, Ni | - | - | - | - | 435 | 435 | 240 | 240 | 675 0.75% | 675 0.75% | - | - | - | - | - | - | - | - | 675 0.75% | 675 0.75% | - |

1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

1.The Company has established an Audit Committee in 2020. The remuneration to the Company's directors and supervisors is in accordance with the "Regulations Governing the Remunerations to Directors and Supervisors" as stipulated by the Company.

2. Pursuant to the Company's Articles of Incorporation, when the Company makes a profit in the year, it shall set aside not more than 4% of the profit as remuneration to the directors. The remuneration shall be assessed by the Remuneration Committee and resolved at the Board meeting.

3. The directors of the Company shall be paid for transportation allowance when they perform the their duties.

4. The remuneration to directors is determined based on the director's participation and contribution to the Company's operations, taking into account the Company's operating performance.

2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to all consolidated entities in the 2021 financial statements: None.

Note 1: Nine directors (including three independent directors) were re-elected at the annual general shareholders' meeting held on May 24, 2023.

Note 2:Fill in the amount of directors’ remuneration and employee remuneration allocated in 2023 has not yet been approved by the remuneration committee.

2. Remuneration paid to President and Vice Presidents

Unit: NT$ thousand

| Job title | Name | Salary (A) | | Severance Pay and Pensions (B) | | Bonus and Allowance (C) | | Employee's compensation (D) | | | | (A+B+C+D) as a % of Net Income | | Compensation paid to directors from non-consolidated affiliates or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | From all consolidated entities | The Company | | From all consolidated entities | | The Company | From all consolidated entities | |
| | | | | | | | | Cash | Stock (fair market value) | Cash | Stock (fair market value) | | | |
| President | Chien Wen, Yeh | 8,140 | 8,140 | 316 | 316 | 1,080 | 1,080 | 679 | 0 | 679 | 0 | 10,215<br>11.32% | 10,215<br>11.32% | - |
| Executive Vice President | Yao-Ming Wang | | | | | | | | | | | | | |
| Vice President | Ko-Ju Lin | | | | | | | | | | | | | |
| Vice President | Tzu-Yun Hsu | | | | | | | | | | | | | |

＊ All personnel who hold positions equivalent to president or executive vice president (such as chairman, executive, business director, etc) must be disclosed.

Note 1: The remuneration information is for president and vice president in 2023.

Note 2: Fill in the amount of employee remuneration allocated in 2023 has not yet been approved by the remuneration committee.

| Tiers of Remuneration of President and Vice Presidents of the Company | Name of President and Vice Presidents | |
|---|---|---|
| | The Company | From all consolidated entities |
| Less than NT$1,000,000 | - | - |
| NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive) | Tzu-Yun Hsu | Tzu-Yun Hsu |
| NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive) | Yao-Ming Wang 、Ko-Ju Lin | Yao-Ming Wang 、Ko-Ju Lin |
| NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive) | - | - |
| NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive) | Chien Wen, Yeh | Chien Wen, Yeh |
| 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) | - | - |
| More than NT$100,000,000 | - | - |
| Total | 4 persons | 4 persons |

3. Employees' Profit Sharing Paid to Management Team

| | Job title | Name | Stock (fair market value) | Cash | Total | Percentage of net profit after tax (%) |
|---|---|---|---|---|---|---|
| Managerial Officer | President | Chien Wen, Yeh | 0 | 1,200 | 1,200 | 1.33% |
| | Executive Vice President | Yao-Ming Wang | | | | |
| | Vice President | Ko-Ju Lin | | | | |
| | Vice President | Tzu-Yun Hsu | | | | |
| | Senior Director | Ya-Ching Lee | | | | |
| | Senior Director | Ming-Nan Chen | | | | |

**(IV) An analysis of the proportion of the total remuneration paid to the Directors, Supervisors, President and Vice Presidents of the company and all the companies in the consolidated statements to the net profit after tax in the last two years, and an explanation of the policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:**

1. Analysis of the percentage of net income stated in the parent company only financial reports or individual financial reports

| Item / Job title | Total remuneration as a percentage of the net profit after tax | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | The Company | From all consolidated entities | The Company | From all consolidated entities |
| Director | 18.56% | 18.56% | 8.39% | 8.39% |
| President and Vice Presidents | 11.32% | 11.32% | 7.01% | 7.01% |

2. The policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

(1) The total amount of remuneration to directors and supervisors is allocated in accordance with the Company's Articles of Incorporation. It shall be reviewed by the Remuneration Committee, resolved and approved by the Board of Directors, and reported to the shareholders' meeting.

(2) Employees' compensation and remuneration to directors and supervisors shall be allocated when the Company makes profit in the year, and no less than 6% of the profit in the year shall be allocated to employees' compensation and no more than 4% to remuneration to directors and supervisors.

(3) When the Company allocates the employees' compensation and remuneration to directors and supervisors, the Company shall conduct annual performance evaluation for each director and manager (including employees) in accordance with the "Regulations Governing the Remuneration to Directors and Supervisors" and the "Regulations Governing the Evaluation of Employees", and shall pay reasonable remuneration to directors and supervisors and managers (including employees) based on their individual performance results.

(4) In order to achieve the Company's operating objectives, the Company conducts annual performance evaluations on each manager (including employees) according to its regulations, and pays reasonable compensation to managers (including employees) based on their individual performance results. The performance evaluation criteria are based on the company's business objectives and the evaluation results are determined

whether or not the objectives have been accomplished. The Company takes into account the remuneration system of the peer companies and the company's employee benefit policy to evaluate and formulate the remuneration policy. Compensation standard is determined based on the manager's (including employees') job performance and contribution, job value, the company's operating condition, and salary standard in the industry.

(5) The Company has established a Remuneration Committee to review and revise the policies, systems, standards and structures of performance evaluation and remuneration for directors and managers on a regular basis.

## IV. Corporate Governance Status:

### (I) Operation of the board of directors:

In the last year, the board of directors held 11 meetings and attendance of directors is as follows:

| Job title | Name | Number of actual (voting and non-voting) attendance B | Number of attendance by proxy | Actual attendance rate (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Chairman | Corporate representative: Mon-Han, Wu | 7 | 0 | 100% | Re-elected |
| Chairman | Tzu-Hua, Han | 4 | 0 | 100% | Previous |
| Director | Corporate representative: Mon-Han, Wu | 3 | 1 | 75% | Previous |
| Director | Chien Wen, Yeh | 11 | 0 | 100% | Re-elected |
| Director | Corporate representative: Yao-Min Wang | 11 | 0 | 100% | Newly appointed |
| Director | Ko-Ju Lin | 7 | 0 | 100% | Re-elected |
| Director | Chien-Yi, Yang | 9 | 2 | 81.82% | Re-elected |
| Director | Hsiu-Mei, Yeh | 5 | 2 | 71.43% | Re-elected |
| Independent Director | Hung-Chu, Hsu | 7 | 0 | 100% | Re-elected |
| Independent Director | Chuan-Kuo, Yang | 7 | 0 | 100% | Re-elected |
| Independent Director | Hsiu-Mei, Yeh | 4 | 0 | 100% | Previous |
| Independent Director | Kao-Ming, Tsai | 3 | 1 | 75% | Previous |
| Independent Director | Tsang-Der, Ni | 11 | 0 | 100% | Re-elected |

Other issues to be noted:

I. The date of the meeting, session, content of the motion, expressed by all independent Directors, and the Company’s response to such opinions shall be specified when there is a matters listed in Article 14-3 of the Securities and Exchange Act and any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing regarding the resolution of the Board of Directors' meeting:

1. Matters listed in Article 14-3 of the Securities and Exchange Act:
   All independent Directors had attended the board meetings and approved all matters specified in Article 14-3 of the Securities and Exchange Act without objection in 2022 and as of the date of this report's publication.
2. In addition to the matters above, other resolutions of the board meeting with objections or reservation of independent directors and records or written statements: None.

II. For the implementation of avoidance of motions by directors due to a conflict of interest involved, state the name of the director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results:

| Meeting date | Director's name | Proposal Contents | Reasons for avoiding conflict of interest | Participation in voting process |
|---|---|---|---|---|
| 22th meeting of the 11th term on Jan 05, 2023 | Directors Chien Wen, Yeh、Ko Ju, Lin and Chief Strategy Officer Chiu Fang, Yeh | Disbursed 2022 year-end bonus | Directors Chien Wen, Yeh、Ko Ju, Lin and Chief Strategy Officer Chiu Fang, Yeh are concurrently served as managers of the Company. | Recused from voting in accordance with the law |
| 2th meeting of the 12th term on Jun 01, 2023 | Independent Director Hung-Chu, Hsu, Chuan-Kuo, Yang, and Tsang-Der, Ni | Appointment of members of the fifth remuneration committee | Independent Director Hung-Chu, Hsu、Chuan-Kuo, Yang and Tsang-Der, Ni are related to this case | Recused from voting in accordance with the law |
| 2th meeting of the 12th term on Jun 01, 2023 | Independent Director Hung-Chu, Hsu、Chuan-Kuo, Yang and Tsang-Der, Ni | Appointment of members of the second audit committee | Independent Director Hung-Chu, Hsu、Chuan-Kuo, Yang and Tsang-Der, Ni are related to this case | Recused from voting in accordance with the law |
| 2th meeting of the 12th term on Jun 01, 2023 | Directors Yao-Min Wang | Organization adjustment case | Directors Yao-Min Wang is related to this case | Recused from voting in accordance with the law |
| 3th meeting of the 12th term on Jun 09, 2023 | Independent Director Hung-Chu, Hsu、Chuan-Kuo, Yang and Tsang-Der, Ni | Remuneration amount of remuneration (including audit) committee members | Independent Director Hung-Chu, Hsu、Chuan-Kuo, Yang and Tsang-Der, Ni are related to this case | Recused from voting in accordance with the law |
| 3th meeting of the 12th term on Jun 09, 2023 | Chairman Mon-Han, Wu, vice chairman Chien Wen, Yeh, general manager Chien Wen, Yeh | Salary of current chairman, vice chairman and general manager of the board | Chairman Mon-Han, Wu, vice chairman Chien Wen, Yeh, general manager Chien Wen, Yeh are related to this case | Recused from voting in accordance with the law |
| 3th meeting of the 12th term on Jun 09, 2023 | Directors Yao-Min Wang、Ko Ju, Lin | Salary of deputy general manager | Directors Yao-Min Wang、Ko Ju, Lin are related to this case | Recused from voting in accordance with the law |
| 3th meeting of the 12th term on Jun 09, 2023 | Directors Chien Wen, Yeh、Yao-Min Wang and Ko Ju, Lin | Disbursement of employee compensation for 2022 to persons with director or manager status | Directors Chien Wen, Yeh、Yao-Min Wang and Ko Ju, Lin are concurrently served as managers of the Company. | Recused from voting in accordance with the law |
| 6th meeting of the 12th term | Directors Chien Wen, | Disbursed 2023 year-end bonus | Directors Chien Wen, | Recused from voting in |

| Meeting date | Director's name | Proposal Contents | Reasons for avoiding conflict of interest | Participation in voting process |
|---|---|---|---|---|
| on Jan 23, 2024 | Yeh、Yao-Min Wang and Ko Ju, Lin | | Yeh、Yao-Min Wang and Ko Ju, Lin are concurrently served as managers of the Company | accordance with the law |
| 6th meeting of the 12th term on Jan 23, 2024 | Chairman Mon-Han, Wu | Distribution of special Spring Festival bonus for the chairman of the board in 2023 | Chairman Mon-Han, Wu is related to this case | Recused from voting in accordance with the law |
| 7th meeting of the 12th term on Feb 23, 2024 | Chairman Mon-Han, Wu | Hire a strategy chief | Chairman Mon-Han, Wu is related to this case | Recused from voting in accordance with the law |

III. A listed or OTC company shall disclose information such as the evaluation cycle, period, scope, method and content of the board of directors' self (or peer) evaluation:

In order to implement corporate governance and enhance the functions of the board of directors, the company established performance goals to enhance the operational efficiency of the board of directors, and formulated the "Board of Directors Performance Evaluation Method" in accordance with Article 37 of the Code of Practice for Corporate Governance of Listed OTC Companies, and after May 4, 2021 , the board of directors revised and approved it.

The performance evaluation of the internal board of directors is carried out once a year, including directors' self-evaluation, peer evaluation and functional committee operation evaluation. ; The performance evaluation of the external board of directors shall be carried out by an external professional independent agency or a team of external experts and scholars every three years, and the annual performance evaluation shall be carried out at the end of the year.

The performance evaluation results of the internal board of directors in 2022 ranged from 4.64 to 4.77 points, and the evaluation of the overall operation of the board of directors was good. The performance evaluation results of the internal board of directors in 2023 ranged from 4.73 to 4.84 points, and the evaluation of the overall operation of the board of directors was good. At the end of 2022, an external organization "China Corporate Governance Association" was entrusted to conduct an evaluation of the effectiveness of the board of directors for the period from Dec. 2021 to Nov.2022 . The agency appointed experts to conduct open-ended questionnaires and on-site investigations on the eight aspects of the board of directors' composition, guidance, authorization, supervision, communication, internal control, risk management, and self-discipline to evaluate the effectiveness of the board of directors. The agency and executive experts have no business dealings with the company and are independent and submitted an evaluation report in March 2023, and the company reported the results to the board of directors on March 31, 2023. The Chinese Corporate Governance Association issued the "Certificate of Performance Evaluation of the Board of Directors", the general comments, suggestions and the company's improvement and implementation are as follows:

General comments:

1. The meeting atmosphere of your company's board of directors is open-minded. The chairman attaches great importance to the discussion culture of brainstorming and accepting suggestions, so that all members of the board of directors can fully express their opinions and improve the quality of decision-making. In addition, your company will

re-elect 2 independent directors whose term of office has expired for three terms in the next board of directors, in order to pursue the independence of the board of directors.

2. The company attaches great importance to the communication between the board of directors and the management team. After the quarterly board meeting, R&D supervisors and business supervisors are arranged to give special reports, so that directors can fully understand the company's overall operation and future development direction, so that board members can play a guiding role.
3. In order to actively respond to sustainable development issues, your company has established an ESG promotion committee and set phased implementation goals, and regularly reports the implementation results to the board of directors. In terms of carbon inventory, your company has a special team responsible for supervising the implementation of the greenhouse gas inventory operation earlier than the legally regulated schedule, and entrusted an external professional organization to provide education and training for the general manager and department heads, so as to lay the foundation for sustainable development.
4. The independent directors of your company actively take responsibility, supervise the fairness of the salary structure through the remuneration committee, strictly control the distribution ratio of remuneration between senior managers and ordinary employees, and reconfirm the rationality of incentive bonuses. At the same time, in order to promote the performance of grassroots employees, a special budget is prepared to issue special bonuses for outstanding personnel to give full play to the incentive effect.

Suggestion

1. In your company, the general manager leads the management team to form the "Business Strategy Committee", which discusses risk-related issues after quarterly business meetings. It is recommended that the audit committee of your company assume the responsibility of assisting the board of directors in supervising risk management-related businesses, and instruct the management team to regularly report the status of risk management operations to the board of directors, so that the board of directors can fully grasp the overall risk and respond to the changing and complex business environment.
2. The meeting atmosphere of your company's board of directors is open, and the directors make a resolution after fully discussing the proposal. It is suggested that your company can record the discussion of the proposals of the board of directors and functional committees in the form of speech summaries, so as to highlight the interaction status of the participating members and facilitate the tracking and investigation of resolutions.
3. Your company deeply recognizes that talent cultivation is an important key to the company's sustainable development, and the "Talent Development Committee" is formed by the management team to plan and implement relevant training work. It is recommended that the board of directors of your company regularly review the operation of the committee to effectively supervise the development, training and succession planning of managers.
4. The annual performance of the head of the audit office of your company is assessed by the general manager. It is recommended that your company consider the audit committee to first express its opinion on the work performance of the audit supervisor, and then submit it to the chairman for approval, so as to implement the independence and eligibility of internal audit.
5. Your company has set up a special area for interested parties on the corporate website to provide channels for interested parties to communicate and report, and report cases to the general manager level. It is recommended that your company set up an exclusive communication channel on the official website to directly contact independent directors;

or allow independent directors to simultaneously receive whistleblower letters to further strengthen the whistleblower mechanism.

6. In recent years, your company's corporate governance evaluation results have declined slightly. It is recommended that your company review the corporate governance evaluation results, formulate a refined improvement plan, and submit it to the board of directors for supervision, so as to demonstrate the ambition to improve corporate governance.

IV. Goals to improve the functions of the Board of Directors in the current and previous fiscal years (e.g. establishing an Audit Committee, promoting financial transparency, etc.) and an assessment of the implementation.

1. The Company has established the Company's "Regulations Governing Board Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and has disclosed the attendance of directors on the Market Observation Post System.
2. The Company has established a "Remuneration Committee" to regularly evaluate and prescribe the remuneration of directors and managers and to periodically review the performance review and remuneration policy, system and standards for directors and managers to assist the Board of Directors in carrying out its duties.
3. The Company has stipulated the "Procedures for Handling Material Inside Information" and has informed all directors, supervisors, managers and all employees.
4. The Company has purchased liability insurance coverage for its directors, supervisors and managers, which has been approved by the Board of Directors.
5. Training courses for directors and supervisors
   The Company has arranged continuing education courses for directors and supervisors according to their needs. The details of continuing education courses are listed in the latest annual attendance and continuing education table for directors and supervisors, with a total of 66 training hours. The organizers of the training course are the Securities and Futures Institute and the Accounting Research and Development Foundation of the Republic of China. The courses include "Directors and Supervisors Practice Course", "Directors and Supervisors Advanced Course", "Legal Responsibilities and Obligations of Directors and Supervisors", etc. The information on training hours for directors and supervisors have been uploaded to the Market Observation Post System. The Finance Department is responsible for informing the directors and supervisors whenever there is an update of the relevant laws and regulations on corporate governance.

| Job title | Name | Date | Course title | Training hours | Host by |
|---|---|---|---|---|---|
| Chairman | Corporate representative: Mon-Han, Wu | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Chairman | Corporate representative: Mon-Han, Wu | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Director | Chien Wen, Yeh | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Director | Chien Wen, Yeh | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Director | Corporate representative: Yao-Min Wang | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Director | Corporate representative: Yao-Min Wang | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |

| Job title | Name | Date | Course title | Training hours | Host by |
|---|---|---|---|---|---|
| Director | Corporate representative: Yao-Min Wang | 2023/9/14 | Corporate "Labor Law Compliance" Practice and Case Analysis | 6 | Accounting Research Development Foundation |
| Director | Ko-Ju Lin | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Director | Ko-Ju Lin | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Director | Chien-Yi, Yang | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Director | Chien-Yi, Yang | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Director | Hsiu-Mei, Yeh | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Director | Hsiu-Mei, Yeh | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Independent Director | Hung-Chu, Hsu | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Independent Director | Hung-Chu, Hsu | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Independent Director | Chuan-Kuo, Yang | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Independent Director | Chuan-Kuo, Yang | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |
| Independent Director | Chuan-Kuo, Yang | 2023/7/21 | How internal auditors use digital forensics to protect and investigate business secrets | 6 | Accounting Research Development Foundation |
| Independent Director | Tsang-Der, Ni | 2023/11/08 | How companies can strengthen strategy execution | 3 | Taiwan Corporate Governance Association |
| Independent Director | Tsang-Der, Ni | 2023/11/08 | Two-axis transformation towards net zero 2050 | 3 | Taiwan Corporate Governance Association |

**(II) Information on the Operation of the Audit Committee**

The Company has established an Audit Committee on May 29, 2020 to perform the functions and powers of the supervisor as stipulated in the relevant laws and regulations. The Audit Committee consists of three independent directors (term of office from June 1, 2023 to May 31, 2026).

The Audit Committee met seven times as of the publication date of the annual report in 2024, and the attendance of the Audit Committee members was as follows：

| Job title | Name | Number of actual attendance | Number of attendance by proxy | Attendance rate in person (%) | Remarks |
|---|---|---|---|---|---|
| Convener | Hung-Chu, Hsu | 5 | 0 | 100% | Re-elected |
| Member | Chuan-Kuo, Yang | 5 | 0 | 100% | Re-elected |
| Member | Hsiu-Mei, Yeh | 2 | 0 | 100% | Previous |
| Member | Kao-Ming, Tsai | 1 | 1 | 50% | Previous |
| Member | Tsang-Der, Ni | 7 | 0 | 100% | Re-elected |

Other issues to be noted:

I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the audit committee meeting, the meeting session, the contents of the proposal, the objections, reservations or major recommendations of the independent directors, the resolution of the Audit Committee members and the company's handling of the opinion of the Audit Committee:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act

(II) Except for the matters previously mentioned, the other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

| Audit Committee Meeting Date/Term | Participants | Proposal Contents | Results of Audit Committee Resolutions and the Board of Directors' Handling of Audit Committee Opinions |
|---|---|---|---|
| 2023/02/23 15th meeting of the 1st term | Independent Director Kao-Ming, Tsai Hsiu-Mei, Yeh Tsang-Der, Ni Certified Public Accountant Li-Wei Liu Financial Officer Ko Ju Lin Chief Internal Audit Wen-Chi Chang | Approved the Company's 2022 Statement of Internal Control System.<br>Approved the Company’s 2022 Business Report and Final Accounts.<br>Approved the Company's 2022 earnings distribution plan.<br>Adopted Added the internal control system and internal audit implementation rules of "Management of Audit Committee Operations"<br>Approved the evaluation of external auditor’s competence and independence.<br>Approved the bank credit line application proposed by the Company for its business needs<br>Approved Proposal for Election of the Twelfth Session of Directors<br>Approved the release of non-competition restrictions for newly elected directors and their representatives of the Company | 1. CPAs reported on the results of the annual audit .<br>2. Chief internal auditor reported on the internal audit.<br>3. Other attending members passed the proposals unanimously. |
| 2023/05/05 16th meeting of the 1st term | Independent Director Kao-Ming, Tsai Hsiu-Mei, Yeh Tsang-Der, Ni Certified Public Accountant Li-Wei Liu Financial Officer Ko Ju Lin Chief Internal Audit Wen-Chi Chang | The company's consolidated financial statements for the first quarter of 2023 have been prepared and reviewed together with the audit report prepared by CPA Li-Wei Liu and CPA Ting-Chien Su from Deloitte Taiwan. | 1. Chief internal auditor reported on the internal audit.<br>2. Other attending members passed the proposals unanimously. |

| Audit Committee Meeting Date/Term | Participants | Proposal Contents | Results of Audit Committee Resolutions and the Board of Directors' Handling of Audit Committee Opinions |
|---|---|---|---|
| 2023/06/01<br>1th meeting<br>of the 2st term | Independent Director<br>Hung-Chu, Hsu<br>Chuan-Kuo, Yang<br>Tsang-Der, Ni | Approved nominate the convener of the audit committee | All attending members passed the proposals unanimously. |
| 2023/06/09<br>2th meeting<br>of the 2st term | Independent Director<br>Hung-Chu, Hsu<br>Chuan-Kuo, Yang<br>Tsang-Der, Ni<br>Governance leader<br>Chen, Li-Hung | Approved 2023 cash dividend ex-dividend date and payment date<br>Approved the change of positions in the company, Mr. Liu Kunquan is proposed to serve as the company's accounting manager. | All attending members passed the proposals unanimously. |
| 2023/08/04<br>3th meeting<br>of the 2st term | Independent Director<br>Hung-Chu, Hsu<br>Chuan-Kuo, Yang<br>Tsang-Der, Ni<br>Accountant<br>Li-Wei Liu<br>Governance leader<br>Chen, Li-Hung | The company's consolidated financial statements for the second quarter of 2023 have been prepared and reviewed together with the audit report prepared by CPA Li-Wei Liu and CPA Ting-Chien Su from Deloitte Taiwan.<br>Approved United Radiant Technology Co., Ltd., Hong Kong a 100%-owned subsidiary of the company, borrowed funds from its parent company United Radiant Technology Corp. | 1. CPAs reported on the results of the annual audit .<br>2. Other attending members passed the proposals unanimously. |
| 2023/11/08<br>4th meeting<br>of the 2st term | Independent Director<br>Hung-Chu, Hsu<br>Chuan-Kuo, Yang<br>Tsang-Der, Ni<br>Certified Public Accountant<br>Li-Wei Liu<br>Governance leader<br>Chen, Li-Hung<br>Accounting Supervisor<br>Liu Kunquan<br>Chief Internal Audit<br>Wen-Chi Chang | The company's consolidated financial statements for the third quarter of 2023 have been prepared and reviewed together with the audit report prepared by CPA Li-Wei Liu and CPA Ting-Chien Su from Deloitte Taiwan.<br>Approved the accounts receivable from related parties with a balance of US$833,415.97 as of September 30, 2023, translated into NT$26,894 thousand, which is a loan of funds to others.<br>Approved the 2024 Audit Plan of the Company.<br>Approved Apply for a credit line from the bank.<br>Approved The company appointed Deloitte & Touche to check the appointment contract and service fees of the 2023 annual financial statements. | 1. CPAs reported on the results of the annual audit.<br>2. Chief internal auditor reported on the annual audit plan.<br>3.Other attending members passed the proposals unanimously. |
| 2024/02/23<br>5th meeting<br>of the 2st term | Independent Director<br>Kao-Ming, Tsai<br>Hsiu-Mei, Yeh<br>Tsang-Der, Ni<br>Certified Public Accountant<br>Li-Wei Liu<br>Accounting Supervisor<br>Liu Kunquan<br>Chief Internal Audit<br>Wen-Chi Chang | Approved the Company's 2023 Statement of Internal Control System.<br>Approved the Company's 2023 Business Report and Final Accounts.<br>Approved the Company's 2023 earnings distribution plan.<br>Approved the evaluation of external auditor's competence and independence.<br>Approved the bank credit line application proposed by the Company for its business needs | 1. Accountant communication matters: communication matters with governance units in 2023.<br>2. Chief internal auditor reported on the internal audit.<br>3.Other attending members passed the proposals unanimously. |

II. For the implementation of avoidance of motions by independent directors due to a conflict of interest involved, the name of the independent director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results shall be stated: None.

III. Communication between independent directors and the internal audit director and the accountant (including major matters, methods and results of communication on the company's finance and business conditions):

Independent directors communicate directly and smoothly with internal auditors and CPAs since the Audit Committee was established on May 29, 2020. The chief internal auditor reports on the annual audit plan and its implementation status, as well as the communications with the independent directors to the Audit Committee at the quarterly Audit Committee meetings. In addition, the chief internal auditor provides monthly written reports to each independent director and communicates with them as necessary. CPAs also attend quarterly audit committee meetings to communicate independently and interact with each other regarding the review or audit of financial reports or issues related to financial, tax or internal control matters. The important content of the communication and interaction among the independent directors, financial supervisor, accounting supervisor, chief internal auditor and external auditors in Audit Committee is recorded in Audit Committee meeting minutes.

**(III) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.**

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| I. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"? | V | | The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". These principles have been disclosed on the Company's website. | No difference. |
| II. Equity structure and shareholders' equity of the Company | | | | |
| (I) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If so, have these procedures been implemented accordingly? | | | (I) The Company has a spokesman and an acting spokesman who are responsible for handling shareholders' suggestions or issues. There is also an investor relations section with contact information and e-mail available on the company's website. | No difference. |
| (II) Does the Company have a list of major shareholders and ultimate controllers of major shareholders who actually control the Company? | V | | (II) The Company has appointed a stock transfer agent to handle share-related matters. The Company has been reporting and disclosing the information on the shareholdings of directors, managers and shareholders who hold more than 5% of the shares on a monthly and quarterly basis in accordance with the law. | No difference. |
| (III) Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises? | | | (III) The Company has established the "Rules Governing Financial and Business Matters Between the Group and its Affiliated Enterprises" (for the management of related party transactions, endorsement and guarantee, and lending of funds) and the "Regulations on Control and Management of Subsidiaries" to establish appropriate risk control mechanisms and firewalls. | No difference. |
| (IV) Does the company have internal regulations that prohibit insiders of the company from | | | (IV) The Company has stipulated "Procedures for Handling Material Inside Information" and "Procedures for Ethical | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| buying and selling securities using non-public information? | | | Management and Guidelines for Conduct" to clearly control insiders' trading in securities using undisclosed information in the market. The Company keeps reviewing the situation from time to time to comply with the current laws and regulations and to meet the practical management needs, and to educate current and new employees through presentations and videos. | |
| III. Composition and Responsibilities of the Board of Directors<br>(I) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly? | V | | (I) On May 24, 2023, the Company elected three independent directors for the 12th term of the Board of Directors. Two of the Board members are females. All members are capable in making judgments about operations, operational management, risk management, knowledge of the industry, international market perspective, leading and decision-making. The Board of Directors' decisions are evaluated from an objective and professional perspective with different professional backgrounds. The Company's directors who concurrently serve as employees account for 33% of the total directors; independent directors account for 33% of the total directors; female directors account for 22% of the total directors; one independent director has term of office of 7-9 years or less; two independent directors have term of office of 1-3 years; two directors are aged 41-50; three are aged 51-60; four are aged 61-70. The Company pays attention to gender equality in the composition of the Board of Directors. The target is to have 20% or more female directors. | No difference. |
| (II) In addition to setting up the Compensation Committee and the Audit Committee according to law, has the Company voluntarily set up other functional | | | (II) The Company has set up an Audit Committee in 2023 as required by the law. In May of the same year, the Board of Directors approved to appoint three remuneration committee members for the fifth term of the Remuneration Committee to | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| committees? | | | review the policies, systems, standards and structure of performance evaluation and remuneration in compliance with the spirit of the Corporate Governance Best Practice. The Company expects to establish other functional committees in the future according to its operational needs. | |
| (III) Has the Company established a methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal ? | V | | (III) The Company has established the " Regulations for Self-Evaluation or Peer Evaluation of the Board of Directors" and the "Regulations for Remuneration to Directors and Supervisors" to be the guidelines for conducting performance evaluation of internal committees annually and to be evaluated by external independent professional bodies in every three years. At the end of 2022, an external organization "China Corporate Governance Association" was entrusted to conduct the effectiveness evaluation of the board of directors for the period from Dec.2021 to Nov. 2022. Overall, the Board members participate actively in the Company, regularly improve their professional skills, and provide adequate advice on the Company's operation; therefore, the overall performance of the Board is considered good. The Company uses the evaluation results as a basis to determine the 2023 remuneration to Board members. | No difference. |
| (IV) Does the Company regularly evaluate the independence of the independent auditor? | | | (IV) The board of directors regularly refers to the audit quality indicators (AQIs) to evaluate the independence and suitability of certified accountants .The Company's certified public accountant for the year 2023 is Deloitte Touche. We have acquired the " Statement of Independence of Certified Public Accountants" "2022 AQI audit quality index report" and conducted a review in accordance with Article 46 and Article 47 of the Accountants Act with respect to the suitability and independence of the certified | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | public accountant. At the 6th meeting of the 12th term of the Board of Directors held on February 23, 2024, the Directors evaluated the independence of the CPAs and found no exceptions in the evaluation of the CPA's independence, in that the firm and the firm's affiliates have no mutual financing or guarantee, no close business relationship, no potential employment relationship with the Company, and have not served as directors or supervisors of the Company, been involved in the management functions of the Company, made decisions on behalf of the Company, or affected the independence of the Company in the past two years. (Note 1) | |
| IV. For a listed or OTC company, is it equipped with a competent and appropriate number of corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors in complying with laws and regulations, managing related matters of the board meeting and shareholders' meeting in accordance with laws, taking minutes of the board meeting and shareholders' meeting, etc.)? | V | | The corporate governance of the Company is led by the Chairman to enhance the functions of the Board of Directors, while the President's Office, Finance Department, Legal Department, Internal Audit Office and Human Resources Department serve as the corporate governance team and are in charge of handling matters related to corporate governance. The team provides information on matters related to the board meetings and shareholders' meetings as required by law, and assists the Company to comply with the laws and regulations related to the board meetings and shareholders' meetings. The team also helps the directors to comply with the law by providing them with information necessary and the latest legal updates related to the operations of the company when the directors perform their duties. The team is also responsible for making real-time information available to shareholders on the Market Observation Post System or the Company's website. The Company plans to setup a corporate governance officer in the future. | No difference. |
| V. Has the Company established a | V | | The Company's website is : https://www.urt.com.tw. | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the company's website, and properly responded to major corporate social responsibility issues of concern to stakeholders? | | | The external email at appeal@urt.com.tw is available for stakeholders to contact us when they have questions or suggestions. So the Company can communicate with our stakeholders effectively. (Note 2) | |
| VI. Has the Company appointed a professional agency to handle the affairs of the shareholders' meeting? | V | | The Company has appointed the Stock Agency Department of SinoPac Securities to handle share-related matters. | No difference. |
| VII. Information Disclosure | | | | |
| (I) Has the Company set up a website to disclose financial and corporate governance information? | V | | (I) Financial information is regularly updated for investors' reference on the Investor Relations section of the Company's website at https://www.urt.com.tw. For more information on our business, our website has a dedicated section for product information and R&D to provide real-time information on our products and technologies. We also upload the latest information on our business activities and link to the Market Observation Post System to disclose relevant information. Information on corporate governance, board of directors, committees, and important corporate governance rules are disclosed on the company's website. | No difference. |
| (II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the company's information, implementing the | | | (II) The Company has designated a staff to collect and disclose information that affects shareholders' and stakeholders' decisions promptly. In addition, we have selected qualified personnel to serve as spokesman and acting spokesman in accordance with the law. The Company has set up a website in English and Japanese to provide information on the actual operation of the Company and to | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| spokesperson system, and placing on the company's website the process of the seminar for institutional investors)? | | | make it available to the public. | |
| (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial report and the operation of each month ahead of the required time limit? | | | (III) The Company announced its 2023 annual financial report on February 29, 2024, and announce and declare the first, second and third quarter financial report and the operation of each month ahead of the required time limit. | No difference. |
| VIII. Does the Company have other important information to help understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, the status of directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance policy for directors and supervisors, etc.)? | V | | (I) The Company complies with the Labor Standards Act, Act of Gender Equality in Employment, Prevention Measures for Sexual Harassment, and other related laws and regulations. All employees are enrolled in labor insurance, national health insurance, and are entitled to various leaves. The Company also provides employee retirement plans, pension contributions for new and old systems, menstrual leave, parental leave, family care leave, and establishes a Sexual Harassment Complaint Committee and organized various educational trainings, held regular annual meetings between the Company and employees, and held year-end seminars for employees to establish a smooth communication channel for employees to ensure their rights and interests.<br>(II) The Company encourages its employees to actively participate in community activities to care for the disadvantaged groups such as the Tong Tsz Association and the volunteer activities in the Processing Zone. Employees are entitled to receive regular annual health checkups, enjoy fitness facilities, receive childbirth or marriage subsidies, and receive annual travel | No difference.<br>No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | subsidies.<br>(III) Relationship with suppliers: The Company has established the " Regulations on Supplier Development Management and Procedures" to conduct supplier management, quality management, green products, environmental and social responsibility, RoHS and other items related to suppliers' materials and processes. The relevant internal departments will conduct auditing procedures and make comprehensive judgments on our partners. In order to ensure sustainable operation, suppliers should commit to corporate governance and various social responsibility related matters.<br>(IV) Investor relations and stakeholders:The Company has dedicated personnel to publicly disclose monthly operating results and information on finance, business, and insider shareholding changes on the Market Observation Post System (MOPS) in accordance with the relevant regulations, so that the Company can make the information available and transparent to the public. The Company's spokesman is responsible for assisting the Company's employees, shareholders and stakeholders in communicating .<br>(V) In 2018 and 2019, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs for the second consecutive year; in February 2007, the Company was certified with OHSAS 18001 to be able to focus on environmental safety and health matters; in March 2007, the Company was certified by the Labor Affairs Commission of the Ministry of Economic Affairs as a Employee-Friendly Workplace.<br>(VI) The Company has setup Audit Committee in 2020 as required | No difference.<br>No difference.<br>No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | by law. The Company has arranged continuing education courses for directors according to their needs. The details of continuing education courses are listed in the latest annual attendance and continuing education table for directors and supervisors. The information on the training hours for the directors and supervisors has been uploaded to the Market Observation Post System. Finance Department is responsible for keeping the directors informed of any updates to the laws and regulations related to corporate governance. The attendance status of the Company's directors and supervisors at the Board of Directors' meetings is normal, and the Board of Directors' meetings are not allowed to vote on the motions listed if there is a risk of harming the Company's interests due to the interest involved. The Company has purchased liability insurance coverage for its directors, supervisors and managers, which has been approved by the Board of Directors.<br>(VII) Implementation status of risk management policies and standards of risk measurement: Please refer to (VII) the review and analysis of financial position and financial performance and risk matters in this year's report. | No difference.<br>No difference. |
| IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. | V | | The Company has completed the 2023 self evaluation in accordance with the "Corporate Governance Evaluation System" of the Taiwan Stock Exchange before January 31, 2024. This is the report on current operations and performance of the Company under each of the corporate governance self-evaluation items, as assessed and explained by the Company itself. The 2023 Corporate Governance Rating System ranking: As of the publication date of the annual report, the results were not yet announced. | No difference. |

| Assessment items | Implementation status | | | Difference from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | The following are the priorities for execution Items in 2024:<br>1. Disclose information on greenhouse gas emissions, water consumption and total weight of waste every year.<br>2. We hold investor meetings to communicate with investors.<br>3. Launch specific promotion plan and implementation of sustainable development (ESG). | |

Note 1: Assessment of external auditor’s independence

| Assessment items | Result |
|---|---|
| 1. The members of the audit team and their families, other co-accountants and their families, the firm and the firm's affiliates do not have significant direct or indirect material financial interests with the Company. | ■ Yes □ No |
| 2. The members of the audit team and their families, other co-accountants and their families, and the firm and the firm's affiliates are not involved in any financing or financial guarantee agreements involving the Company, its directors or supervisors (except for normal loan transactions with financial institutions ). | ■ Yes □ No |
| 3. There is no close business relationship between the accounting firm or audit team members with the Company or its affiliated companies. | ■ Yes □ No |
| 4. At present, the members of the audit team do not have any potential employment relationship with the Company. | ■ Yes □ No |
| 5. The members of the audit team are not currently serving as Company directors, supervisors, or in positions that have major impact on Company audits, and have not done so over the past 2 years. | ■ Yes □ No |
| 6. The audit fees paid by the Company to the accountants are fixed amounts, not contingent fees. There are no overdue fees that would affect the independence of the audit. | ■ Yes □ No |
| 7. The non-audit services, including inventory services, provided by the CPA firm and its affiliates to the Company did not directly affect the material subjects of the audit cases, did not involve the Company's management functions, did not replace the Company in making decisions, and did not affect the independence. | ■ Yes □ No |
| 8. The members of the audit team are not engaged in defending the Company, or representing the Company to have conflicts with third parties. | ■ Yes □ No |
| 9. After this year's appointment, the number of years of service of the accountant will be five year, and will not exceed seven years. (started in 2019) | ■ Yes □ No |
| 10. The member of audit team do not have family relationship with the Company’s directors, supervisors, managers or those who have a significant influence on an audit case | ■ Yes □ No |
| 11. The directors, supervisors and managers of the Company do not give gifts worth significant amounts to members of the audit team. | ■ Yes □ No |
| 12. There are no directors, supervisors, managers, or persons with significant influence on the audit cases who have retired/left the accounting firm for less than one year. | ■ Yes □ No |
| 13. The Company's independent directors did not work for the accounting firm two years before and during their term of office. The Company's Remuneration Committee members did not provide any business, legal, financial or accounting services or consulting services to the Company two years prior to their appointment and during their term of office. | ■ Yes □ No |
| 14. The Company does not cause the members of the audit team to experience any threats from the Company that would prevent them from maintaining objectivity and clarifying professional doubts. For example:<br>(1) The Company's management makes improper requests for accounting policy selections or financial statement disclosures.<br>(2) The Company has not asked to reduce the amount of auditing work to be performed in order to reduce the audit fee. | ■ Yes □ No |

Note 2: Stakeholder concerns, communication channels and response methods:

| Stakeholder | Concerns | Communication Channels and Response Method |
|---|---|---|
| Employee | Welfare measures, continuing education, talent retention and development, working environment, personal safety | Employee Welfare Committee, Labor-Management Meeting, President's Mailbox, Complaint Hotline, Safety and Health Committee, establishment of various task teams, and Company Website |
| Customer | Product quality, service attitude, new model development, greenhouse gas emission, green products | Customer Satisfaction Survey, Dedicated Mailbox, Complaint Channel, Business Meeting, Management Meeting, Company Website |
| Shareholder | Corporate Governance and financial performance | Annual Report, Shareholders' meeting, Spokesman and Company's website Investor Relations and Email appeal@urt.com.tw. |
| Supplier | Supplier Management, Quality Management, Green Products, RoHS, Pollution Prevention | Management procedures for supplier development, quarterly supplier counseling meetings, supplier quality meetings, company website |

**(IV) Remuneration Committee Meeting Status**

1. Information of Remuneration Committee members

| Title (Note 1) | Criteria / Name | Professional Qualification and Experience (Note 2) | Independence Status (Note 3) | Number of compensation committee member position concurrently held at other public offering companies |
|---|---|---|---|---|
| Independent Director Convener | Tsang-Der, Ni | With more than 30 years of work experience in commerce, legal affairs, finance, accounting or disciplines required for the company's business. Not been a person of any conditions defined in Article 30 of the Company Act. | 1. Including himself, none of his spouse, relatives within the second degree of kinship is a director, supervisor or manager of the Company or its affiliates.<br>2. The number and proportion of shares of the Company not held by self, spouse, relatives within the second degree of kinship (or under the name of others).<br>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (as stipulated in Article 6, Paragraph 1, Paragraphs 5~8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).<br>4. No remuneration received for business, legal, financial or accounting services provided by the Company or its affiliates in the last three years. | 0 |
| Independent Director | Chuan-Kuo, Yang | With more than 40 years of work experience in commerce, legal affairs, finance, accounting or disciplines required for the company's business. Not been a person of any conditions defined in Article 30 of the Company Act. | | 0 |
| Independent Director | Hung-Chu, Hsu | With more than 40 years of work experience in commerce, legal affairs, finance, accounting or disciplines required for the company's business. Not been a person of any conditions defined in Article 30 of the Company Act. | | 0 |

Note 1. Please specify the related seniority, professional qualifications, experiences, and independence of each Remuneration Committee member in the Table. In the Title field, each member is specified either as independent director or other (please mark the role of convener, if any)

Note 2: Professional qualifications and experience: Please specify the professional qualifications and experience for each member of the Remuneration Committee.

Note 3: Compliance with the independence requirements: Please specify the Remuneration Committee members' compliance of independence, including but not limited to, whether they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any company engaged in specific relationship with the Company (please refer to the subparagraphs 5–8, Paragraph 1 of Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last three years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

**2. Status of Remuneration Committee meetings**

**(1) There are three members on the Remuneration Committee of the Company.**

**(2) The current term of the Remuneration Committee members is from June 01, 2023 to May 31, 2025. The Remuneration Committee held four meetings (A) in the most recent year and the qualifications and attendance record of members are as follows:**

| Job title | Name | Number of actual attendance(B) | Number of attendance by proxy | Actual attendance rate (%)(B/A) | Remarks |
|---|---|---|---|---|---|
| Convener | Tsang-Der, Ni | 6 | 0 | 100% | Re-elected |
| Member | Chuan-Kuo, Yang | 4 | 0 | 100% | Re-elected |
| Member | Hung-Chu, Hsu | 4 | 0 | 100% | Re-elected |
| Member | Hsiu-Mei, Yeh | 2 | 0 | 100% | Previous |
| Member | Kao-Ming, Tsai | 2 | 0 | 100% | Previous |

Other issues to be noted:

I. If the board meeting does not adopt or amends the recommendation of the Remuneration Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Remuneration Committee (if the compensation adopted by the board meeting is better than the proposal of the Remuneration Committee, state the difference and reason): None.

II. In case of any objection or reservation of any member to the resolution of the Remuneration Committee with a record or written statement in place, please state the date, period, proposal content, opinions of all members and the handling of the opinions of the members:

| Meeting date | Proposal Contents | Resolution |
| --- | --- | --- |
| January 05, 2023<br>11th meeting of the 4th term | Approved the 2022 year-end bonuses | All members attended the meeting agreed to adopt the proposal without any other opinions, and then the proposal was submitted to the board of directors for discussion and approved by all directors present without any objection. |
| February 23, 2023<br>12th meeting of the 4th term | Approved to pay the 2022 employees' compensation and remuneration to directors | |
| June 01, 2023<br>1th meeting of the 5th term | Approved selecting the convener of the Salary and Remuneration Committee | |
| June 09, 2023<br>2th meeting of the 5th term | Approved monthly travel expenses of directors (including independent directors)<br>Approved Remuneration amount of remuneration (including audit) committee members<br>Approved salary of current chairman of the board<br>Approved salary of the current Vice Chairman<br>Approved Chief Strategy Officer Salary<br>Approved General Manager's Salary<br>Approved Salary of deputy general manager<br>Approved to pay the 2022 Disbursement of directors' remuneration<br>Approved the 2022 Disbursement of employee compensation to persons with director or manager status | |
| January 23, 2024<br>3th meeting of the 5th term | Approved the 2023 year-end bonuses<br>By issuing the special Spring Festival bonus for the chairman in 2023 | |
| February 23, 2024<br>4th meeting of the 5th term | Approved to pay the 2023 employees' compensation and remuneration to directors | |

**(V) Sustainable Development Implementation Status and differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:**

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors? | V | | The Company has established a CSR management system that complies with RBA (Electronic Industry Citizenship Coalition) and SA8000 (Social Accountability Management Systems), and is always aware of the latest developments in social responsibility, and has established systems for environmental protection, community involvement, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities that are in line with the various initiatives of the Securities and Futures Commission.<br>We have completed the planning and establishment of the CSR management handbook and have established the highest management policy for labor rights and corporate ethical management as required by the RBA and SA8000 for social responsibility, and have started to prepare the operating documents for each implementation detail in accordance with this policy, which will be operated internally. The implementation status will be reviewed by internal audit unit and reported to the President and Board of Directors. The Director of the Quality Control Department is responsible for establishing the CSR system and will implement it throughout the company. | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? | V | | (I) Operation<br>We plan and implement the social responsibility system according to ISO14001, ISO45001, RBA, SA8000 and other standards. The company's [Environmental Safety and Health Handbook] and [CSR Handbook] are prepared to set the highest policy and implementation direction.<br>According to the policy and direction of the CSR Handbook, we have completed detailed operational documents (procedures /SOPs/ regulations) including air pollution, waste water, energy saving, risk management in work safety, labor rights, working hours, compensation overtime, non-discrimination, sexual harassment prevention, personal data protection, integrity requirements and supplier management.<br>(II) Environmental Issue<br>We review the company's potential risks and opportunities for improvement on a semi-annual basis. We select topic and carry out project (green investment, digitalization) and track the performance, and report to the top management. A dedicated auditing team is formed every six months to conduct internal audits. A third-party verification body will certify the environmental and safety and health systems every year.<br>(III) Social issues<br>Specify in writing the rules for all matters. We have a comprehensive system to protect the rights of employees and ensure a safe working environment and work with our suppliers to enhance corporate social responsibility and sign contracts. We have established various task teams, for example, sexual harassment prevention team, and corporate ethical management team. The audit office is responsible for auditing, finding problems and following up on those problems.<br>(IV) Corporate Governance<br>The Company maintains a stable growth based on the "Corporate | No difference.<br>No difference.<br>No difference.<br>No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | Governance Best Practice Principles" in order to fulfill its corporate responsibility for sustainable operation and to enhance the Company's business performance. We report to the top management on the implementation and review periodically, and the audit office performs audits regularly and reports to the board of directors. | |
| III. Environmental Issues<br>(I) Has the Company established an appropriate environmental management system according to its industrial characteristics? | V | | (I) The company has been certified with ISO14001 environmental management system, and periodically identifies the environmental aspects of the company's processes, operations, products and services to evaluate the environmental impact on employees, stakeholders, hazardous substances, workplaces and the environment, and uses it as a basis for setting environmental impact control measures for safety and health objectives, operational control or education and training. We review our goals annually, taking into account environmental impact, safety and health risk levels, regulatory and international requirements, technical feasibility, economic viability and stakeholders' comments, including our commitment to continuous improvement and pollution prevention. | No difference. |
| II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment? | | | (II) Implement water recycling, monitor water consumption and recycling rate every month, and implement energy-saving measures for office lighting to save energy, and choose the disposal method for resource reuse based on the qualified waste disposal policy. We discontinue to use packing material that contains substances banned by RoHS and REACH, which cause impact on the environment. Control hazardous substances to protect the environment. | No difference. |
| (III) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take measures to | | | (III) Designate dedicated personnel to handle air pollution, water pollution, waste, and toxic chemicals to maintain the proper operation of pollution treatment. We are actively using automated equipment to add or modify pipes to manage and improve the utilization of energy resources | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| deal with climate-related issues? | | | and utilities. Implement energy saving and carbon reduction measures, and regularly conduct greenhouse gas emission inventory for the purpose of formulating energy saving strategies to mitigate global warming. Greenhouse Gas Policy: Improve energy efficiency, reduce carbon dioxide emissions, limit hydrofluorocarbons and perfluorocarbons, and continuously improve operations that affect all greenhouse gases. | |
| (IV) Does the Company prepare statistics of greenhouse gas emissions, water consumption and the total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water consumption reduction or other waste management? | | | (IV) Reduce CO2 emissions. Since 2009, we have been making improvement measures to reduce CO2 emissions year by year. 2021, the CO2 emissions per piece of product is 1.86KG/pc, Annual emissions: 8,739 metric tons-CO2e. In 2023, the CO2 emissions per piece of product is 2.06KG/pc, Annual emissions: 7,743 metric tons-CO2e,which is lower than the initial implementation in 2009; We will continue to make efforts to reduce CO2 emission , and we have completed Gree house Gas report ( ISO-14064) in 2022, and the ISO-50001 energy management system had certified in October 2023 and follow-up plans will be developed. The sustainability report will be launched in 2024 and completed in 2025. | No difference. |
| IV. Social Issues<br>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions? | V | | (I) The Company complies with the relevant labor regulations and laws, formulates its management rules and systems, and makes relevant information available to employees to ensure employees are fully aware of their legal rights and interests through public channels, while respecting the fundamental labor human rights principles recognized worldwide. The Company's recruitment policy is free of discrimination and does not endanger basic labor rights. We have been certified with ISO45001 for occupational safety and health management to provide a safe working environment for our employees and to reduce the safety and health hazards associated with business operations. We conduct regular education and training on labor safety and health for new and current | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | employees, and hold a number of employee health management activities to raise employee safety awareness. | |
| (II) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits)and properly reflected the operating performance or results in employee compensation? | | | (II) The Company determines employees' salary based on their academic background, work experience, professional knowledge, seniority and personal performance which is in compliance with the law. The basic salary for employees does not differ on the basis of gender, race, religion, political party and marital status. The employee performance evaluation system will be handled in accordance with the regulations on HR and performance bonuses of the Company. | No difference. |
| (III) Does the Company provide a safe and healthy work environment for employees and regularly provide health and safety training for employees? | | | (III) The Company complies with relevant regulations and has been certified with ISO45001 Occupational Health and Safety Management System (the former OHSAS18001 international standard was revised to ISO45001) to provide a safe and healthy working environment for all employees. In order to effectively raise the awareness of all employees on environment, safety and health, we hold regular education and training courses, including "Environmental Protection": REACH+RoHS+Conflict Minerals, "Safety and Health": "Fire Drill and Escape Training", monthly traffic safety promotion. We have a full-time nurse, who is responsible for holding regular health checkups , provide regular AED and CPR operation education and training,cancer prevention diet health seminars and providing health consultation and advice. "Emergency Response": Conduct emergency response (incident) education training & drills once in every six months; hold regular meetings: Environmental Safety and Health Management Meeting and Occupational Safety and Health Meeting**.** In 2016, we were certified by the Ministry of Health and Welfare as a "accredited healthy workplace". The company had 4 occupational accidents in 2023, involving 4 people and a ratio of 0.01 to the total number of employees. | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| (IV) Has the Company established an effective career development training program for its employees? | | | (IV) The Human Resources Department is responsible for integrating the demands from all departments and formulating company-wide education and training resources/programs for departmental and cross-departmental training; each department also conducts the employee training for the second specialty, and the internal recruitment system provides employees with the most suitable positions according to their own specialty and characteristics when there are job vacancies. | |
| (V) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers? | V | | (V) The Company has established a procedure to control substances that are subject to environmental concerns. The purpose of this procedure is to establish guidelines for the Company's suppliers, procurement and R&D/design teams to check whether substances that are subject to environmental concerns are contained and meet the standards in order to comply with legal/regulatory requirements, to prevent raw materials, components, parts and products containing hazardous substances from entering the Company, and to reduce the impact of hazardous substances on the ecosystem. The supply contract must be committed to environmental protection and hazardous substance management in the sustainable operation, the product should comply with RoHS, REACH. In addition, if there is any other impact on the environment, we should commit, evaluate and discontinue it. Although our customers are not the end consumers, we are still committed to the reduction of harmful substances in our products to ensure the consumers' safety. The Company has established the "Procedures for Supplier Development and Management" and has included CSR clauses in the Regulations on Procurement and Evaluation of New Suppliers. The purpose is to work together with suppliers to jointly promote CSR. We also value the opinions from our customers and conduct customer | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| (VI) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues? | | | satisfaction surveys every six months to communicate with them on issues related to "Services provided by Sales Representative", "New Model development", "Quality", "Service Attitude" and "Defect Rate". An exclusive email address is also available for filing complaints at appeal@urt.com.tw.<br><br>(VI) When the Company evaluates the new supplier, it shall include the ISO14001 environmental management system and social responsibility system of the supplier in the evaluation. In addition, the Company provides information on its environmental/safety and social responsibility policies to suppliers through questionnaires. The key points of the system should be separately verified in addition to certification, including pollution emission status, wages and labor rights, personal data management, sexual harassment prevention, safety and disaster prevention. Provide the [Statement of Integrity] to the supplier, indicating the Company's policy that it will not accept or provide improper benefits. We also request the supplier to sign a statement for legal purposes. We provide [non-disclosure contract] and also require the supplier to sign back to ensure that the company and the customer's confidentiality is protected from disclosure, which is governed by an explanatory and legal contract. By signing a Master Purchase Agreement, we will not only specify the purchase items, payment and quality, but also make sure that they are clearly expressed.<br>> The management of environmentally hazardous substances should be in compliance with RoHS and REACH regulations and towards the goal of low halogen/no halogen, without the use of substances such as PFOA, PFOS, and fluorinated chlorine bromides.<br>> Promote ISO14001 environmental management system. | No difference. |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | > Promote ISO45001 occupational safety and health management system. (OHSAS1800 or ISO45001, the updated version)<br>> Promote social responsibility, value labor rights, and establish systems and management for ethical management and integrity in the company.<br>> Comply with Conflict Minerals.<br>Our suppliers should plan to implement ISO14001 and ISO45001 systems as soon as possible. They should also make plans for corporate social responsibility, corporate ethical management, and labor rights. When a supplier fails to comply with the rules, the supplier shall be responsible for damages occurred and the Company reserves the right to terminate the contract. | |
| V. Does the Company prepare the sustainability report and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit? | V | | (I) The Company discloses CSR related information that is relevant and reliable on the website at https://www.urt.com.tw.<br>(II) The Company has established a social responsibility management system. | No difference. |
| VI. If the Company has its own sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," please state the implementation status and the differences:<br>1. The Company has established a social responsibility management system in compliance with RBA and SA8000 (Social Accountability 8000), and has included labor, environment, occupational safety and health, and ethical issues in the system management according to the PDCA framework in ISO.<br>2. Ever since the Company was founded, we have been complying with all laws and regulations,taking care of the lives and safety of our employees,and actively participating in various social activities, for instance, environmental protection issues,environmental system management, RoHS material management, workplace safety management, and other labor rights are explicitly protected and respected and | | | | |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| thoroughly implemented. We take care of details such as wages, working hours, various powers and regulations, sexual harassment prevention and complaints, work protection for pregnant employees, baby care,and setting up breastfeeding rooms.<br>3. The Company is committed to implementing the corporate social responsibility, maintaining the ecological environment, practicing energy conservation and carbon reduction, actively participating in community activities to contribute to society and providing a safe and healthy working environment for employees. As a role model for the society, we pay special attention to the integrity requirements of our employees and external related organizations. We have established strict control on personal data management for internal and external privacy and information, and have developed patents related to various products and processes, complied with intellectual property rights and prohibited illegal software. The Company has also made every effort to serve and give back to the community and society, including inviting or donating to disadvantaged groups, encouraging employees to participate in charitable organizations or donating for charity sales, all of which are consistent with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies. | | | | |
| VII. Any other important information that may help to understand the operation of sustainable development:<br>1. Environmental protection and mind protection:<br>(1) Improve waste water purification to allow reuse the water resources.<br>(2) Enhance waste management and reduction, resource recycling, waste sorting, and promote e-office to reduce the paper use.<br>(3) We actively develop and use green materials so that the impact and influence on the environment from our products can be minimized and eventually to achieve mutual harmony with nature and to produce earth-friendly products.<br>(4) We encourage our employees to participate in the environmental protection campaign and develop the habit to protect the environment. The environment protection activity starts from the people's mind, and the greatest environmental protection is the purifying in the mind.<br>2. Community participation: Encourage employees to actively participate in social and educational volunteer activities in the Tanzi Export Processing Zone, the Tong Tsz Association and the Export Processing Zone Book Club.<br>3. Contribution to society:<br>(1) Improve the R&D for LCD product efficiency to minimize the waste in resources.<br>(2) We are committed to corporate social responsibility.<br>(3) Contract with rice farmers: The Company contracted with a rice farmer recommended by Taiwan Rice Farmers Corporation to adopt the Hualien rice crop. In 2023, we purchased a total of 21,790 bags of rice from local rice farmers at a total cost of NT$1,250,637.<br>(4) Encourage employee to participate in the Tong Tsz Association in Export Processing Zone to help the disadvantaged groups or provide emergency relief services to show the love of our employees. | | | | |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| (5) Join "Donate blood to save a life" blood donation campaign.<br>(6) Generate power by ourselves: invest in LEADRAY ENERGY and actively innovate value-added green energy. By October 2021, the capacity for energy installation is 1,424.1 KW, the estimated annual power generation is 1,625,000 kWh/year, the annual CO2 emission reduction is 827.8 tons/year, the annual carbon reduction is equivalent to planting 69,000 trees/year, and the installation area is equivalent to 1.6 soccer fields.<br>4. Social services and social welfare<br>(1) We actively participate in the charity activities organized by Tong Tsz Association in the Processing and Export Zone. In 2021, the total number of Tong Tsz Association members is 47 and the total donation is NT$66,700. Social and educational volunteer activities and book club in Tamzi Export Processing Zone.<br>(2) Continuously promote the ISO-14001 environmental management system to avoid the risk of environmental pollution and hazards to our neighbors.<br>(3) Handle the "Blood Donation Little Angel" activity on Sep. 13,2023. To help those in need, all colleagues in the company rolled up their sleeves and donated blood together.<br>(4) Epidemic prevention measures: Encourage staff to get screened and vaccinated for COVID-19<br>In 2021, there were 440 employees received the rapid test for COVID-19, and the company spent NT$352,000 for the rapid test.<br>In May 2022, 98.8% of the employees were administered the 2nd COVID-19 vaccine; 96.9% of the employees were administered the 3rd COVID-19 vaccine. We offer NT$500 cash for employees who administer the third COVID-19 vaccine in the specified time. The Company had 512 employees in 2021, and the total employee bonus for vaccine was NT$254,500.<br>5. Human Rights: We maintain good labor relations with our employees and provide the following benefits<br>(1) Provide national health insurance, labor insurance, medical insurance and accident insurance for employees.<br>(2) Establish an Employee Welfare Committee.<br>(3) Provide comprehensive continuing education and training programs.<br>(4) Offer comprehensive retirement system.<br>(5) In 2014, 2013, 2012 and 2008, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.<br>(6) In March, 2007, we were certified by the Labor Affairs Commission of the Ministry of Economic Affairs as a Employee-Friendly Workplace.<br>(7) In January 2017, we were awarded the "Badge of Accredited Healthy Workplace" issued by the Health Promotion Administration, MOHW.<br>(8) In 2018, the Company was awarded the Outstanding Performance Award by the Export Processing Zone of the Ministry of Economic Affairs | | | | |

| Assessment Items | Implementation Status | | | Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons. |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| for [ 2017 Annual Plant Safety and Protection Work].<br>(9) For two consecutive years in 2018 and 2019, the Company was awarded the "Excellent Labor Relations Enterprise Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.<br>(10) In November 2020, the Company applied for TTQS certification from the Workforce Development Agency, MOL, and passed the (enterprise version).<br>6. The CSR report has been verified by the relevant verification body.<br>Continued to be certified by TUV Rheinland for ISO14001 environmental management system (Since the initial certification in 2002 to present)<br>Continued to be certified by TUV Rheinland for ISO45001 Occupational Safety and Health Management System (Since the initial certification of OHS18001 in 2006 to present)<br>Continued to be certified by TUV Rheinland for Taiwan Occupational Safety and Health Management Systems “TOSHMS” (Since the initial certification in 2009 to the present)<br>Continued to be certified by TUV Rheinland for ISO9001 Quality Management System (Since the initial certification in 1995 to present)<br>Continued to be certified by TUV Rheinland for IATF16949 Quality Management System for Automotive (Special Requirements for Automotive) (Since the initial certification in 2003 to present)<br>Certified by TUV Rheinland for ISO50001 energy managenment system since 2023 | | | | |

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future. However, regarding promotion projects 1 and 2, listed OTC companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. It also describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

Climate-related information of listed OTC companies

1. Implementation of climate-related information

| Item | Execution situation |
|---|---|
| 1. Describe board and management supervision and governance of climate-related risks and opportunities. | 1. The promotion committee is set up by the general manager to make plans and detailed progress reports to the board of directors on a quarterly basis. |
| 2. Describe how the identified climate risks and opportunities affect the business,strategy and finances (short, medium and long term). | 2. None. |
| 3. Describe the financial impact of extreme climate events and transitional actions. | 3. None. |
| 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. | 4. Since 2009, reduce water, electricity, energy and greenhouse gas emissions, implement the ISO14001 system, and carry out environmentally friendly management and protection. The ISO14064 greenhouse gas inventory has completed by the end of 2022, ISO5001 certified in October 2023 and the follow-up plans will be ISO14067 and ESG reports. |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained. | 5. None. |
| 6. If there is a transition plan for managing climate-related risks, describe the contentof the plan, and the indicators and goals used to identify and manage physical risks and transition risks. | 6. None. |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the priceshould be stated. | 7. None. |
| 8. If climate-related goals are set, the covered activities, scope of greenhouse gas emissions, planning schedule, annual progress and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the offset should be stated Replace it with the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs). | 8. Inspect the entire company to find out the equipment and process that are most likely to save energy, water and electricity, and plan the project to be executed by a dedicated person. Actively use automation equipment to increase or modify pipelines to manage and improve the use of energy resources and water and electricity, and regularly track the results and report to the management. |
| 9. Greenhouse gas inventory and assurance, reduction goals, strategies and specific action plans (fill in 1-1 and 1-2 separately). | 9. See attachments 1-1 and 1-2 |

1-1 Company greenhouse gas inventory and confirmation status in the last two years：1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million yuan) and data coverage of greenhouse gases in the past two years.

| | |
|---|---|
| Basic information of the company<br>□Companies with a capital of more than 10 billion yuan, the steel industry, and the cement industry<br>□Companies with a capital of more than 5 billion but less than 10 billion yuan<br>▓Companies with a capital of less than 5 billion yuan | According to the regulations of the sustainable development road map of listed companies, at least<br>▓Parent company individual check▓Inventory of consolidated financial reporting subsidiaries<br>□The parent company is convinced□Consolidated Financial Reporting Subsidiaries Convinced |

| Item | 2022 | | 2023 | | Confident rganization | Confirmation statement |
|---|---|---|---|---|---|---|
| scope 1 | Total emissions (metric tons O2e) | Intensity (metric tons of CO2e/million yuan) | Total emissions (metric tons CO2e) | Intensity (metric tons of CO2e/million yuan) | Confident organization | Confirmation statement |
| Parent company | 102.8009 | 0.0528 | 106.0537 | 0.0681 | - | - |
| subsidiaries | 0 | 0 | 0 | 0 | - | - |
| tol | 102.8009 | 0.0528 | 106.0537 | 0.0681 | URT Internal Verification | After verification, the problem has been improved |
| scope 2 | Total emissions (metric tons CO2e) | Intensity (metric tons of CO2e/million yuan) | Total emissions (metric tons CO2e) | Intensity (metric tons of CO2e/million yuan) | Confident organization | Confirmation statement |
| Parent company | 7,742.82 | 3.9734 | 6,213.6459 | 3.9887 | - | - |
| subsidiaries | 0.0054 | 0.0000027 | 0.0054 | 0.0000034 | - | - |
| tol | 7,742.82 | 3.9734 | 6,213.6513 | 3.9887 | URT Internal Verification | After verification, the problem has been improved |
| scope 3 | 179.0926 | 0.0919 | 148.5811 | 0.0954 | URT Internal Verification | After verification, the problem has been improved |

Note 1: Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the company), indirect energy emissions (Category 2 refers to indirect greenhouse gas emissions from input electricity, heat or steam.) and other indirect emissions (Category 3, emissions resulting from corporate activities, not indirect emissions from energy, but from emission sources owned or controlled by other companies).

Note 2: Coverage of direct emissions and indirect energy emissions data, it shall be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of this Code, other indirect emissions information must be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards：Greenhouse Gas Protocol,GHG Protocol or International Organization for Standard-ization,ISO Published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions is calculated per unit of product/service or turnover，however, at least the data calculated in terms of turnover (NT$ million) should be stated.

1-1-2 Greenhouse Gas Confirmation Information

| |
|---|
| Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence. |
| The description of the confident situation for the most recent two years as of the publication date of the annual report is as set out in the table above. |

Note 1: It should be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of this Code, If the company fails to obtain a complete greenhouse gas assurance opinion by the publication date of the annual report, It should be noted that "full confidence that the information will be disclosed in the sustainability report", If the company does not prepare a sustainability report, It should be noted that "I am fully convinced that the information will be disclosed in the public information observatory." And disclose complete and reliable information in the next annual report.

Note 2: Confirmed institutions should comply with the relevant requirements for confirmed institutions in sustainability reports stipulated by the Taiwan Stock Exchange Co., Ltd. and the Securities Over-the-Counter Trading Center of the Republic of China.

Note 3: For disclosure content, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

1-2 Greenhouse gas reduction goals, strategies and specific action plans

| |
|---|
| Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets. |
| Through each project plan, implement centralized production/automatic power on/off/equipment improvement and other measures, electricity consumption: From 22.73 million degrees in 2009 (production volume 3.75KK), reduced to 15.21 million degrees in 2022 (production volume 3.75KK)；Electricity bill: From $52.06 million in 2009 (production volume 3.75KK), reduced to $43.18 million in 2022 (production volume 3.75KK)。Greenhouse gases in electricity sector: The annual emissions of CO2e decreased from 13,316 tons in 2011 to 7,743 tons of CO2e in 2022.<br>2022年Q1: The ESG promotion committee is established by the general manager<br>2022年Q2: Establish short/medium/long-term plans and goals：<br>> ISO14064 Greenhouse Gas Inventory：Execution status: Completed by the end of 2022。<br>> Energy Management System CertificationISO 50001：Execution status: Launched in June 2023，Passed certification in October。<br>> PLAN: Complete product carbon footprint certification ISO 14067 in 2024~2025。<br>> PLAN: Complete social responsibility report in 2025。<br>Commitment goals:<br>2025: Greenhouse gas reduction by 20%。Specific action plan：Equipment optimization、Device updates。<br>2030: Greenhouse gas reduction by 30% + Carbon sink 20% (Total net decrease of 50%)。<br>Specific action plan：New process technology、carbon fee investment。<br>2050: Achieve net zero emissions。Greenhouse gas reduction by 50%+ Carbon sink 50% (Total net decrease of 100%)。<br>Specific action plan：Equipment, new process technology, new carbon sequestration technology, carbon rights trading。 |

Note 1: It should be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of these Guidelines.

Note 2: The base year should be the year in which the inventory is completed based on the boundaries of the consolidated financial report. For example, according to the provisions of Article 10, Paragraph 2 of this Code, companies with a capital of more than 10 billion yuan should complete the review of the consolidated financial report of 2013 in 2014. Therefore, the base year is 113 years. If the company has completed the review of the consolidated financial report in advance, the earlier year can be used as the base year. In addition, the data in the base year can be calculated as the average of a single year or several years.

Note 3: For disclosure content, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

The major objectives and management plans of the Company are summarized as follows:

| Item | Goal/Target | Project | Dedicated personnel | Current Status | Implementation Status |
|---|---|---|---|---|---|
| Air pollution improvement project | Prevent liquid leakage from affecting the environment | Improvement of liquid barrel leakage in acid gas treatment tower | Factory Affairs Department | The liquid tank (liquid alkali) is leaking | December 2023~January 2024<br>A PVC water tray and drainage pipeline are added below the liquid tank to prevent leakage and pollution. |
| Energy saving and carbon saving | Reduce energy consumption, achieve an annual power saving rate of more than 1% (the annual power saving rate in 2023 was 3.78%, and the average from 2015 to2023 years was 1.48%, which is 1% greater than the regulatory requirement) | The pressure setting value of Hitachi air compressor in the third factory is reduced (0.7MPa→0.6MPa) | | The current pressure setting value of the Hitachi air compressor in the third factory is 0.7MPa, and the normal supply of 0.6MPa can meet the production line demand. Therefore, the pressure setting value of the Hitachi air compressor is lowered from 0.7MPa to 0.6MPa. | The set value reduction will be completed on January 1, 2023. The average energy consumption per hour before the improvement was 68kwh; after the improvement, the average energy consumption per hour was 57kwh. Number of degrees saved per year: (68-57)kwh*24hr*365 days=96,360kWh/year. Amount of savings per year: 96,360 kWh*$3 /kWh =$289,080 . |
| | | Plant 3 replacement of faulty refrigeration dryer | | The refrigeration dryer in the third factory failed. Since its service life has reached 21 years and there are no repair parts, in order to avoid affecting the production line production, a new machine was purchased and replaced. | The replacement was completed on March 27, 2023.<br>The actual energy consumption (measured by the electric meter) of the old machine in November 2022 was 5018 kWh; The actual energy consumption (meter measurement) of the new machine in April 2023 was 1696 kWh、1845kWh in May、2128 kWh in June、2175 kWh in July、1853kWh in August、2241kWh in September、2518kWh in October、1911kWh in November、1709 kWh in December and the average monthly energy consumption was 2008 kWh. Energy saving calculation results: (5018-2008) kWh *12 months = 36,120 kWh / year. Annual savings: $108,360 (calculated at $3 per kilowatt hour), and the payback period is about $3.4 . |
| Conduct internal testing to make sure the electronic parts and components are 100% HSF free of toxic substances. | Electronic product components are 100% compliant with HSF specifications. | 1. The purchasing department requires third-party RoHS test reports from suppliers for review of electronic product components.<br>2. Regularly conduct RoHS project random testing on materials. | Quality Control Department | Complies with RoHS specification. | Implemented in accordance with the Supplier Development Management Procedure and Environmental Consideration Substance Procedure. |
| Supplier conduct hazardous substance management to be in compliance with ROHS regulations | 100% of the material complies with ROHS specification. | 1. IQC conducts supplier RoHS compliance review on incoming materials.<br>2. Regularly conduct RoHS project random testing on materials. | Quality Control Department | Complies with RoHS specification. | According to the factory incoming material inspection and material RoHS inspection standard operation instructions. |

| | | | | | |
|---|---|---|---|---|---|
| Process waste and toxic waste treatment project | Proper storage, removal, and disposal of industrial waste in compliance with the Waste Disposal Act | Entrust a qualified manufacturer to clear and dispose of it. | Safety and Health Office | Store according to the waste disposal method. After reaching a certain weight, contact the manufacturer to enter the site for disposal. | Before the waste is removed from the factory, the online declaration and delivery form will be submitted. After the waste treatment is completed, a proper disposal record document will be obtained to prove that it has been properly disposed of. |
| Wastewater Treatment | Comply with management regulations and handle related matters | Regular testing (once every six months) | Factory Affairs Department | Conduct testing and declaration every six months in accordance with regulations | Testing and declaration operations will be completed in July 2023 and January 2024 |
| | | Regular calibration of wastewater discharge flow meter (once a year) | | Calibrate every year according to regulations | Correction completed on March 27, 2023 |

**(VI) Performance of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:**

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures<br>(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management | V | | (I) The Company operates its business in compliance with laws and regulations and has established various operating procedures and regulations. The "Procedures for Ethical Management and Guidelines for Conduct" have been developed and are disclosed on the Company's website at https://www.urt.com.tw. The Ethical Management Team shall report to the Board of Directors on the complaint, its handling and subsequent review and improvement measures. | No difference. |

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| team?<br>(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?<br><br>(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies? | | | (II) The Company's Procedures for Ethical Management and Guidelines for Conduct are designed to prevent unethical behavior such as bribery or accepting bribes, offering or accepting improper benefits, offering or accepting facilitating payments, and to restrict the amount of political contributions and charitable donations or sponsorships; in addition, the Procedures include prohibiting the infringement of intellectual property rights, the disclosure of business secrets, and the engagement in unfair competitive practices. The Company has stipulated and disclosed on the Company's website its policy on the protection of the rights of consumers or other stakeholders in order to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.<br>(III) The Company has established Procedures for Ethical Management and Guidelines for Conduct that provide clear guidelines for the whistle-blowing system, the handling procedures, rewards and penalties, the complaint system, and disciplinary actions to be followed by all employees. The Board of Directors and the management of the Company are committed to implement the ethical management policy. The Company clearly defines its policy on ethical management in its internal regulations, company website and annual report, so that suppliers, customers and other business-related organizations and personnel can clearly understand the Company's ethical management principles and standards. | No difference.<br><br>No difference. |
| II. Implementation of ethical corporate management<br>(I) Whether the Company has assessed the | V | | (I) Before developing a commercial relationship with another | No difference. |

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? | | | party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes. We review the counterparty with which we will have commercial dealings with respect to the enterprise has adopted an ethical management policy, and the status of its implementation in order to understand its ethical management. | |
| (II) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation? | | | (II) In order to improve the ethical management of the Company, the President's Office coordinates with the human resources and finance departments to revise, implement, explain, provide consultation services, and file the report and supervise the implementation of these procedures and guidelines (hereinafter referred to as the Company's Ethical Management Team), which is subordinate to the Board of Directors and reported the implementation status to the Board of Directors at the 22th meeting of the 11th term on January 5, 2023. | No difference. |
| (III) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? | | | (III) Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name. All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation | No difference. |

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| | | | is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy. | |
| (IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? | | | (IV) The Company has established an "internal control system". The internal audit unit regularly evaluates the risks and prepares audit plans, performs relevant audits in accordance with its plans, and performs special audits as needed, and reports audit results to the Board of Directors on a regular basis so that management team can understand the implementation status of the Company's internal controls for management purposes. | No difference. |
| (V) Does the Company provide internal and external ethical conduct training programs on a regular basis? | | | (V) The Company promotes ethical management and conduct to current and new employees by using presentations and videos. | No difference. |
| III. Operation of the company's complaint procedures | | | | |
| (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? | V | | (I) Whistleblowing channels: The Company establishes and publicly announces an internal separate whistleblowing mailbox and hotline on the Company's website at https://www.urt.com.tw and on its internal website which are available to internal and external personnel of the Company. The President's Office coordinates with the HR and Finance departments to execute and supervise the implementation of the relevant operations such as registration and filing of the reports. | No difference. |
| (II) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring | | | (II) If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company | No difference. |

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| such complaints are handled in a confidential manner? | | | will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. If any personnel of the Company seriously violates ethical conduct,the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency. | |
| (III) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint? | | | (III) Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The Ethical Management Team is subordinate to the Board of Directors and reports to the Board when necessary. | No difference. |
| IV. Enhancement of information disclosure<br>Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)? | V | | The Board of Directors and the management team of the Company shall actively implement the ethical management policy, and shall do so in the internal management and external business activities. The Company clearly defines its policy on ethical management in its internal regulations, company website (https://www.urt.com.tw) and annual report, so that suppliers, customers and other business-related organizations and personnel can clearly understand the Company's ethical management principles and standards. | No difference. |

| Assessed Items | Implementation status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Explanation | |
| V. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: None. | | | | |
| VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices: (e.g., review the Company's corporate conduct and ethics policy)<br>The Company has signed a clause stipulating that it will not accept kickbacks or other unlawful benefits from its customers, in order to declare the Company's determination and policy on ethical management. | | | | |

**(VII) Disclose the inquiry method if the company has formulated the code of corporate governance and relevant rules and regulations:**

The Company has not yet formulated the Corporate Governance Best Practice Principles. The principles of corporate governance include internal controls and management procedures, which have been implemented, so the Company's control function is still considered appropriate.

1. The Company has established the following relevant rules and regulations based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies":
   (1) Rules Governing the Handling of Material Inside Information (2) Rules Governing the Board of Directors' Meetings (3) Rules Governing the Election of Directors and Supervisors (4) Remuneration Committee Charter (5) Regulations for Acquisition and Disposal of Assets (6) Regulations for Endorsement and Guarantee (7) Procedures for Lending Funds to Others (8) Rules Governing Financial and Business Matters Between the Group and its Affiliated Enterprises (9) Regulations Governing the Control of Subsidiaries (10) Code of Ethical Conduct (11) Procedures for Ethical Management and Guidelines for Conduct
2. For inquiries: Information on the Company's financial operations and corporate governance is disclosed on the Company's website at https://www.urt.com.tw.

**(VIII) Other important information which may improve the understanding of the operation of the company's corporate governance: Please refer to the Company's website and the Market Observation Post System (MOPS).**

**(IX) Implementation status of internal control system:**

1. Statement of internal control system

## United Radiant Technology Corporation
## Internal Control System Statement

Date: February 26, 2024

Based on the results of the self-assessment of the Company's internal control system in 2023, the Company hereby states the following:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.

II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the Company will immediately take corrective action.

III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.

IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations

VI. This Statement will be the company's annual report and prospectus' main content and will be made public. If the above-mentioned contents are false or concealing, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall be involved.

VII. This Statement has been approved by the board meeting of the company on February 23, 2024. Of the eight directors present, there was no objection, and the rest agreed with the contents of this Statement.

United Radiant Technology Corporation

Chairman:Mon-Han, Wu

President: Chien Wen, Yeh

2. If an independent auditor is entrusted with auditing the internal control system, the independent auditor's report shall be disclosed: None

**(X) During the most recent year and up to the date of printing of the annual report, the punishment of the Company and its insiders in accordance with the law, the company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement:** None

**(XI) Significant resolutions of the Board of Directors and shareholders' meetings for the most recent year**

1. Shareholders' Meeting: 2023 Annual General Shareholders' Meeting held on May 24, 2023
   - Adoption of the 2022 Business Report and Financial Statements
     Implementation Status: Resolution adopted
   - Adopted 2022 earnings appropriation (cash dividend of NT$1.80 per share)
     Implementation status: The ex-dividend date was set on July 10, 2023 and the dividends were paid on July 28, 2023.
   - Approved the Election of directors.
     Implementation status: The registration was approved by the Ministry of Economic Affairs and announced on the Company's website on May 26, 2023.
   - Approved the release of the non-compete duty for newly elected directors and their representatives of the Company.
     Implementation status: The registration was approved by the Ministry of Economic Affairs and announced on the Company's website on May 26, 2023.

2. Board Meeting

| | |
|---|---|
| Jan. 05, 2023 | Approved the 2022 year-end bonuses |
| Feb. 23, 2023 | Approved the Company's distribution of employees' compensation and remuneration to directors for the year 2022.<br>Approved the Company's 2022 Business Report and Final Accounts.<br>Approved the Company's 2023Business Plan.<br>Approved the cash dividends distributions from the Company's 2022 earnings.<br>Approved the Company's 2023meeting date and agenda of the ordinary shareholders' meeting<br>Approved to set the time and location for the Company to accept proposals for discussion at ordinary shareholders meeting from shareholders holding more than one percent of the total number of issued shares.<br>Approved to give out souvenirs to shareholders holding more than 1,000 shares who attended the shareholders' meeting in person or by proxy.<br>Approved the evaluation of external auditor's competence and independence.<br>Approved to apply the bank for general credit and hedging derivative financial product lines.<br>Approved election of the twelfth session of directors of the company.<br>Approved to release of non-competition restrictions for newly elected directors and their representatives of the Company.<br>Approved the Company's 2022 Statement of Internal Control System.<br>Approved updated the internal control system and internal |

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| | audit implementation details of "Management of Audit Committee Operations".<br>Approved Pre-approval of cases where certified accountants, their firms and firm-affiliated companies provide non-assurance services to the company and its subsidiaries |
| Mar. 31, 2023 | Approved The board of directors nominates and considers candidates for directors (including independent directors).<br>Approved written proposals for shareholders' regular meetings from shareholders holding more than 1% of the shares. |
| May 24, 2023 | Approved matters concerning the election of the twelfth chairman of the company<br>Approved matters concerning the election of the 12th Vice Chairman of the Company |
| Jun. 01, 2023 | Approved appointment of members of the fifth remuneration committee<br>Approved appointment of members of the second audit committee<br>Approved the company sets up a corporate governance manager<br>Approved Organization adjustment case |
| Jun. 09, 2023 | Approved monthly travel expenses of directors (including independent directors)<br>Approved remuneration amount of remuneration (including audit) committee members<br>Approved salary of current chairman of the board<br>Approved salary of the current Vice Chairman<br>Approved Chief Strategy Officer Salary<br>Approved General Manager's Salary<br>Approved Disbursement of directors' remuneration for 2022<br>Approved Disbursement of employee compensation for 2022 years to persons with director or manager status<br>Apprvoed 2023 cash dividend ex-dividend date and payment date<br>Approved appointment of the Company's Accounting Manager |
| Aug. 04, 2023 | Approved the company's consolidated financial report for the second quarter of 2023 and reviewed the report.<br>Approved United Radiant Technology Co., Ltd.Hong Kong, a 100%-owned subsidiary of the company, borrowed funds from its parent company United Radiant Technology Corp.<br>Approved to apply for a credit line from the bank |
| Nov. 08, 2023 | Approved the company appointed Deloitte & Touche Certified Public Accountants to review the appointment contract and public service expenses of the 2023 annual financial statements.<br>Approved the company's consolidated financial report for the third quarter of 2023 and reviewed the report. |

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| | Approved the accounts receivable from related parties with a balance of US$833,415.97 as of September 30, 2023, translated into NT$26,894 thousand, which is a loan of funds to others.<br>Approved the 2023Audit Plan of the Company.<br>Approved bank credit line application. |
| Jan 23, 2024 | Approved the 2023 year-end bonuses<br>Approved Distribute special Spring Festival bonus to the chairman of the board of directors in 2023<br>Approved the Company's distribution of remuneration of employees and directors for 2023. |
| Feb 23, 2024 | Approved the Company’s 2023Business Report and Final Accounts.<br>Approved the Company’s 2024 Business Plan.<br>Approved the cash dividends distributions from the Company's 2023 earnings.<br>Approved The date, location and agenda of the 2024 regular shareholders’ meeting convened by the company<br>Approved to set the time and location for the Company to accept proposals and nominations for discussion at ordinary shareholders meeting from shareholders holding more than one percent of the total number of issued shares.<br>Approved to give out souvenirs to shareholders holding more than 1,000 shares who attended the shareholders' meeting in person or by proxy.<br>Approved the evaluation of external auditor’s competence and independence.<br>Approved bank credit line application.<br>Approved the Company's 2023 Statement of Internal Control System.<br>Approved the revision of the Company’s “Measures of Procedures of the Board of Directors”<br>Approved the revision of the Company’s “Organizational Rules of the Audit Committee”<br>Approved hire a strategy chief |

**(XII) In the most recent year and as of the date of printing the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors' meeting with recorded or written statements in place, the main contents are:** None.

**(XIII) Summary of resignations and dismissals of relevant persons of the company (including Chairman, President, accounting director, financial director, chief internal audit auditor, corporate governance officer and R&D director, etc.) in the most recent year and as of the date of printing of the annual report:**

| Job title | Name | Date of arrival | Dismissal date | Reason for resignation or dismissal |
|---|---|---|---|---|
| Chairman | Tzu-Hua, Han | 110.08 | 112.05 | Board of Directors re-election |
| Chief Strategy Officer | Chien Wen, Yeh | 109.05 | 112.12 | Busy business |
| Accounting Supervisor | Ko-Ju,Lin | 103.06 | 112.06 | Job adjustment |

## V. Independent Auditor Fee Information:

Unit: NT$ thousand

| Accounting Firm | Name of independent auditor | Audit period | Audit fee | Non-audit fee | Total | Remarks |
|---|---|---|---|---|---|---|
| Deloitte Taiwan | Wegle-L Liu | January 1 to December 31, 2023 | 3,300 | 356 | 3,656 | Other audit fees include inventory service fee, tax payment on behalf of the company, and registered agency fee. |
| | Ting-Chien Su | | | | | |

Please specify the non-audit services: (e.g., tax audit, verification or other financial advisory services)

Note: If the CPAs or public accounting firms for the Company were replaced during the year, the duration of their audit engagement should be separately disclosed, and the reason for replacement should be explained in the remark section, and information such as audit and non-audit fees paid should be disclosed in said sequence. Detailed explanations to non-audit service should be provided.

**(I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:** None.

**(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:** None.

## VI. Change of Independent Auditor: None.

## VII. Whether the chairman, president, or manager in charge of financial or accounting affairs of the company has worked in the firm of the independent auditor or its affiliated enterprises in the past year: None.

## VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a

**stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

**(I) Changes in shareholdings of directors, managers and major shareholders**

Unit: share

| Job title | Name | 2022 | | As of March 31, 2023 | |
|---|---|---|---|---|---|
| | | Increase (decrease) of shares held | Increase (decrease) of shares pledged | Increase (decrease) of shares held | Increase (decrease) of shares pledged |
| Chairman | Tzu-Hua, Han | - | -700,000 | - | - |
| Corporate director | Yi Bei Yi Investment Co., Ltd. | 512,000 | - | 188,000 | - |
| Representative of corporate director | Mon-Han, Wu | 100,000 | - | 50,000 | - |
| Director, Vice Chairman and President | Chien Wen, Yeh | - | - | - | - |
| Director | Chien-Yi, Yang | - | - | - | - |
| Corporate director | NESTECH Investment Co., Ltd. | - | - | - | - |
| Representative of corporate director、Executive Vice President | Yao-Ming Wang | - | - | - | - |
| Director | Hsiu-Mei, Yeh | 100,000 | - | - | - |
| Independent Director | Kao-Ming, Tsai | - | - | - | - |
| Independent Director | Tsang-Der, Ni | - | - | - | - |
| Independent Director | Hung-Chu, Hsu | - | - | - | - |
| Independent Director | Chuan-Kuo, Yang | - | - | - | - |
| Director、Vice President | Ko-Ju Lin | -287,000 | - | - | - |
| Vice President | Tzu-Yun Hsu | - | - | - | - |
| Vice President | Yao-Ming Wang | -8,000 | - | -92,000 | - |
| Director | Ya-Ching Lee | - | - | - | - |
| Director | Ming-Nan Chen | - | -700,000 | - | - |
| Corporate Governance Officer | Li-hong Chen | - | - | - | - |
| Accounting Supervisor | Kun-quan Liu | - | - | - | - |

Note: Included the persons who held the positions as of the publication date of the annual report.

(II) Where the counterparty in any such transfer of equity interests is a related party: **None.**

(III) Where the counterparty in any such pledge of equity interests is a related party: **None.**

## IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.

### Information of Related Parties of the top ten shareholders

March 23, 2024

| Name | The shareholder's own shareholding | | Shareholdings of spouse and minor children | | Shareholdings in the names of others | | Names and relationships of the top ten shareholders who are related persons, spouses or second-tier relatives | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio % | Number of shares | Shareholding ratio % | Number of shares | Shareholding ratio % | Name | Relationship | |
| Bank of Liechtenstein under the custody of Standard Chartered | 3,848,000 | 3.62 | - | - | - | - | - | - | Regular shareholder |
| Representative of Yi Bei Yi Investment Co., Ltd.: Mon-Han, Wu | 3,688,000 | 3.47 | - | - | - | - | Chiu Rang, Yeh<br>Chien Wen, Yeh<br>Yi Wen, Yeh | Relative within first degree of kinship<br>Relative within second degree of kinship<br>Relative within second degree of kinship | Corporate director |
| Chiu Rang, Yeh | 2,488,000 | 2.34 | - | - | - | - | Yi Wen, Yeh<br>Chien Wen, Yeh<br>Mon-Han, Wu | Relative within first degree of kinship | Director |
| Representative of NESTECH Investment Co., Ltd.: Yao-Min Wang | 2,188,000 | 2.06 | - | - | - | - | Chien Wen, Yeh | President | Corporate director |
| Yi Wen, Yeh | 2,000,000 | 1.88 | - | - | - | - | Chiu Rang, Yeh<br>Chien Wen, Yeh<br>Mon-Han, Wu | Relative within first degree of kinship<br>Relative within second degree of kinship<br>Relative within second degree of kinship | Regular shareholder |
| Chien Wen, Yeh | 1,788,000 | 1.68 | - | - | - | - | Chiu Rang, Yeh<br>Yi Wen, Yeh<br>Mon-Han, Wu | Relative within first degree of kinship<br>Relative within second degree of kinship<br>Relative within second degree of kinship | Director |
| Chien-Yi, Yang | 1,600,000 | 1.50 | - | - | - | - | - | - | Director |

| Name | The shareholder's own shareholding | | Shareholdings of spouse and minor children | | Shareholdings in the names of others | | Names and relationships of the top ten shareholders who are related persons, spouses or second-tier relatives | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio % | Number of shares | Shareholding ratio % | Number of shares | Shareholding ratio % | Name | Relationship | |
| Yu-Jie Huang | 1,552,000 | 1.46 | - | - | - | - | - | - | Regular shareholder |
| Jiaqing, Lin | 978,000 | 0.92 | - | - | - | - | - | - | Regular shareholder |
| Yiling, Yeh | 800,000 | 0.75 | - | - | - | - | Chiu Rang, Yeh<br>Chien Wen, Yeh<br>Mon-Han, Wu | Relative within first degree of kinship<br>Relative within second degree of kinship<br>couple | Regular shareholder |

## X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

Unit: thousand shares; %

| Reinvested enterprises | Investment of the company (2023.12.31) | | Investment by directors, supervisors, managers and enterprises directly or indirectly controlled by the Company (2023.12.31) | | Total number of investments | |
|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio |
| UNITED RADIANT TECHNOLOGY (H.K.) CO.,LTD.(Note 1) | 36,495 | 99.99% | 5 | 0.01% | 36,500 | 100% |
| FIRSTHILL LIMITED (Note 1) | 197 | 100% | - | - | 197 | 100% |
| BRIGHT YEH LTD. (Note 1) | 2 | 100% | - | - | 2 | 100% |
| Chungyo Department Store (Note 2) | 3 | - | - | - | 3 | - |
| Yoyi Department Store (Note 2) | 56 | - | - | - | 56 | - |
| Miortech Holding B.V. (Note 2) | 22 | 9% | - | - | 22 | 9% |
| LEADRAY ENERGY CO., LTD. (Note 2) | 567 | 2% | - | - | 567 | 2% |
| Hongyi Optical Co. Ltd | 2,500 | 19.87% | - | - | 2,500 | 19.87% |
| Immense Oak Technology Inc. | 1,000 | 32.53% | - | - | 1,000 | 32.53% |

Note 1: The Company's investments accounted for using the equity method.
Note 2: Financial assets at fair value through other comprehensive income.
Note 3: Affiliated enterprises.

# IV. Fund Raising Status

## I. Capital and shares

### (I) Capitalization

March 23, 2024; Unit: NT$ thousand

| Types of share | Authorized share capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Common share | 1,063,518,320 | 2,091,481,680 | 3,155,000,000 | OTC stocks |

### Share Capital Formation

March 23, 2024; Unit: shares; NT$ thousand

| Year/ Month | Issue price | Authorized share capital | | Capital stock | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Capitalization | Share capital paid with assets other than cash | Others |
| 1990.06 | 10 | 15,000,000 | 150,000,000 | 7,510,000 | 75,100,000 | Incorporation | – | – |
| 1990.09 | 10 | 15,000,000 | 150,000,000 | 7,490,000 | 74,900,000 | Incorporation | – | – |
| 1992.05 | 10 | 19,500,000 | 195,000,000 | 19,500,000 | 195,000,000 | Cash capital increase 45,000,000 | – | – |
| 1994.10 | 10 | 30,970,000 | 309,700,000 | 30,970,000 | 309,700,000 | Cash capital increase 114,700,000 | – | (83) Tai Cai Zheng (Yi) Letter No. 31945 |
| 1995.06 | 10 | 35,982,000 | 359,820,000 | 35,982,000 | 359,820,000 | Capitalization of retained earnings 50,120,000 | – | (84) Tai Cai Zheng (Yi) Letter No. 35386 |
| 1996.05 | 10 | 45,365,000 | 453,650,000 | 45,365,000 | 453,650,000 | Capitalization of retained earnings 93,830,000 | – | (85) Tai Cai Zheng (Yi) Letter No. 30387 |
| 1997.10 | 43 | 80,025,000 | 800,250,000 | 80,025,000 | 800,250,000 | Capitalization of retained earnings 90,250,000 Cash capital increase 256,350,000 | – | (86) Tai Cai Zheng (Yi) Letter No. 55284 |
| 1998.05 | 10 | 180,000,000 | 1,800,000,000 | 105,927,000 | 1,059,270,000 | Capitalization of retained earnings 178,995,000 Capitalization of capital reserve 80,025,000 | – | (87) Tai Cai Zheng (Yi) Letter No. 43598 |
| 1999.07 | 10 | 180,000,000 | 1,800,000,000 | 134,973,000 | 1,349,730,000 | Capitalization of employee bonus 15,050,000 Capitalization of retained earnings 169,483,000 Capitalization of capital reserve 105,927,000 | – | (88) Tai Cai Zheng (Yi) Letter No. 54643 |
| 2000.09 | 10 | 218,962,200 | 2,189,622,000 | 148,470,300 | 1,484,703,000 | Capitalization of capital reserve 134,973,000 | – | (89) Tai Cai Zheng (Yi) Letter No. 66534 |
| 2002.08 | 11.5 | 218,962,200 | 2,189,622,000 | 188,470,300 | 1,884,703,000 | Cash capital increase 400,000,000 | – | (91) Tai Cai Zheng (Yi) Letter No. 109689 |
| 2003.09 | 11.41 | 218,962,200 | 2,189,622,000 | 209,013,605 | 2,090,136,050 | Conversion of convertible bonds 205,433,050 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09200400940. |

| Year/ Month | Issue price | Authorized share capital | | Capital stock | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Capitalization | Share capital paid with assets other than cash | Others |
| 2004.03 | 10 | 298,962,200 | 2,989,622,000 | 209,013,605 | 2,090,136,050 | Increase authorized share capital | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09300400340. |
| 2005.01 | 10 | 298,962,200 | 2,989,622,000 | 209,132,651 | 2,091,326,510 | Conversion of convertible bonds 1,190,460 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09400400090. |
| 2005.08 | 10 | 315,500,000 | 3,155,000,000 | 213,291,304 | 2,132,913,040 | Capitalization of stock dividends 41,586,530 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09400400760. |
| 2006.04 | 13.2 | 315,500,000 | 3,155,000,000 | 240,003,321 | 2,400,033,210 | Conversion of convertible bonds 267,120,170 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09500400310. |
| 2008.03 | 10 | 315,500,000 | 3,155,000,000 | 238,803,321 | 2,388,033,210 | Cancelation of treasury stock 12,000,000 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09700400200. |
| 2008.11 | 10 | 315,500,000 | 3,155,000,000 | 236,303,321 | 2,363,033,210 | Cancelation of treasury stock 25,000,000 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09700401040. |
| 2009.09 | 10 | 315,500,000 | 3,155,000,000 | 235,158,321 | 2,351,583,210 | Cancelation of treasury stock 11,450,000 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09800401010. |

| Year/ Month | Issue price | Authorized share capital | | Capital stock | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Number of shares | Amount | Capitalization | Share capital paid with assets other than cash | Others |
| 2010.07 | 10 | 315,500,000 | 3,155,000,000 | 158,948,566 | 1,589,485,660 | Capital reduction of NT$762,097,550 to offset loss | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 09900400650. |
| 2013.11 | 10 | 315,500,000 | 3,155,000,000 | 158,351,832 | 1,583,518,320 | Capital reduction on treasury stock 5,967,340 | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 10200400960. |
| 2014.06 | 10 | 315,500,000 | 3,155,000,000 | 106,351,832 | 1,063,518,320 | Capital reduction of NT$520,000,000 to offset loss | – | The change of registration was approved by the Export Processing Zone Administration of the Ministry of Economic Affairs by letter Chia Shou Chung Zi No. 10300400570 . |

The Company has no change in share capital from 2015 up to the date of publication of the annual report

If approval has been granted to offer and issue securities by shelf registration, additionally disclose the approved amount and information regarding securities to be issued or already issued: Not applicable.

## (II) Shareholder structure

March 23, 2024

| Shareholder structure / Quantity | Government agencies | Financial institutions | Other juridical persons | Individuals | Foreign institutions and foreigners | Total |
|---|---|---|---|---|---|---|
| Number of shareholders (persons) | 0 | 3 | 192 | 41,175 | 52 | 41,422 |
| Number of shares held (shares) | 0 | 23,000 | 7,696,571 | 92,236,630 | 6,395,631 | 106,351,832 |
| Shareholding ratio (%) | 0.00% | 0.02% | 7.24% | 86.73% | 6.01% | 100.00% |

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

## (III) The situation of diversification of equity

March 23, 2024; Unit: person/share

| Shareholding range | | | Number of shareholders (persons) | Number of shares held | Shareholding ratio (%) |
|---|---|---|---|---|---|
| 1 | ~ | 999 | 31,187 | 1,490,692 | 1.41 |
| 1,000 | ~ | 5,000 | 7,588 | 16,527,236 | 15.54 |
| 5,001 | ~ | 10,000 | 1,371 | 11,211,238 | 10.54 |
| 10,001 | ~ | 15,000 | 365 | 4,809,896 | 4.52 |
| 15,001 | ~ | 20,000 | 253 | 4,770,933 | 4.49 |
| 20,001 | ~ | 30,000 | 246 | 6,392,471 | 6.01 |
| 30,001 | | 40,000 | 111 | 4,046,106 | 3.80 |
| 40,001 | ~ | 50,000 | 70 | 3,280,907 | 3.08 |
| 50,001 | ~ | 100,000 | 115 | 8,465,966 | 7.96 |
| 100,001 | ~ | 200,000 | 66 | 9,207,538 | 8.66 |
| 200,001 | ~ | 400,000 | 24 | 6,756,849 | 6.35 |
| 400,001 | ~ | 600,000 | 12 | 5,746,000 | 5.40 |
| 600,001 | ~ | 800,000 | 5 | 3,516,000 | 3.31 |
| 800,001 | ~ | 1,000,000 | 1 | 978,000 | 0.92 |
| 1,000,001 or more | | | 8 | 19,152,000 | 18.01 |
| Total | | | 41,422 | 106,351,832 | 100.00 |

Note: The Company did not issue any preferred shares

## (IV) List of major shareholders

March 23, 2024; Unit: share

| Shares / Name of major shareholder | Number of shares held | Shareholding ratio (%) |
|---|---|---|
| Bank of Liechtenstein under the custody of Standard Chartered | 3,848,000 | 3.62 |
| Yi Bei Yi Investment Co., Ltd. | 3,688,000 | 3.47 |
| Chiu Rang, Yeh | 2,488,000 | 2.34 |
| NESTECH Investment Co., Ltd. | 2,188,000 | 2.06 |
| Yi Wen, Yeh | 2,000,000 | 1.88 |
| Chien Wen, Yeh | 1,788,000 | 1.68 |
| Chien-Yi, Yang | 1,600,000 | 1.50 |
| Yu-Jie Huang | 1,552,000 | 1.46 |
| Jiaqing, Lin | 978,000 | 0.92 |
| Yiling, Yeh | 800,000 | 0.75 |

## (V) Information on stock price, net value, earnings and dividends per share

Unit: NT$ thousand, shares

| Item \ Year | | | 2023 | 2022 | The current year as of March 31, 2024 (Note 8) |
|---|---|---|---|---|---|
| Stock price (Note 1) | Highest | | 24.70 | 19.20 | 21.0 |
| | Lowest | | 17.65 | 14.85 | 17.7 |
| | Average | | 21.50 | 17.64 | 19.22 |
| Net value per share (Note 2) | Before distribution | | 14.63 | 15.00 | - |
| | After distribution | | 13.83 | 13.20 | Undistributed |
| Earnings per share | Weighted average number of shares | | 106,351 | 106,351 | 106,351 |
| | Earnings per share (Note 3) | | 0.85 | 2.38 | - |
| Dividend per share | Cash dividend | | 0.80 | 1.80 | - |
| | Stock dividend | Earnings allotment | - | - | - |
| | | Capital reserve allotment | - | - | - |
| | Accumulated unpaid dividends (Note 4) | | - | - | - |
| Return on investment analysis | P/E ratio (Note 5) | | 25.29 | 7.41 | - |
| | Price/Dividend ratio (Note 6) | | 26.87 | 9.80 | - |
| | Cash dividend yield (Note 7) | | 3.72 | 10.20 | - |

* If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Disclose the information based on the outstanding shares as of the end of the fiscal year and the distribution plan as approved by the Board of Directors or by the shareholders at the Annual Shareholders' Meeting from the following year.

Note 3: If retrospective adjustments to the EPS calculation are necessary to properly account for share dividend dilution, present the EPS before and after the adjustment.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E Ratio = Average Closing Price for the Year / Earnings per Share.

Note 6: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share.

Note 7: Cash Dividends Yield = Cash Dividends per Share / Average Closing Price for the Year.

Note 8: The net value per share and earnings per share should be filled in based on the latest quarterly audited financial statements as of the publication date of the annual report; the rest of the columns should be filled in based on the information for the current year as of the publication date of the annual report.

**(VI) Company dividend policy and implementation status:**

1. Dividend policy as stipulated in the Company's Articles of Incorporation:
   If there are any earnings in the annual final accounts of the Company, it shall pay the tax and make up for the accumulative losses, and the allocate 10% of the balance as the legal reserve; however, the requirement does not apply when the accumulated legal reserve has reached the total capital of the Company. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings.
   The Company's dividend policy is to distribute dividends to shareholders at a rate of not less than 30% of available earnings for the year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the shareholders' interests. The dividend may be distributed in cash or in shares; the cash dividend shall not be less than 20% of the total dividends paid.
2. Dividend distribution proposal at the shareholders' meeting:
   The proposal to distribute 2023 cash dividends at NT$1.8per share was approved by the Board of Directors on February 23, 2024. This proposal was submitted to the Audit Committee for approval and reported to the shareholders' meeting, which authorized the Board of Directors to determine a separate distribution record date.

United Radiant Technology Corporation
2023 Earnings Distribution Table

Unit: NT$

| | |
|---|---|
| Undistributed earnings at the beginning of the period | $179,601,993 |
| Net profit after tax of the year | 90,220,879 |
| Remeasurement of defined benefit plans recognized in retained earnings | (1,555,746) |
| After-tax net income for the year and items adjusted to the current year's undistributed earnings other than after-tax net income for the year | 88,665,133 |
| Provision of statutory surplus reserve (10%) | (8,866,513) |
| Set aside special surplus reserve according to law | 42,164,406 |
| Distributable earnings | 301,565,019 |
| Distribution item | |
| Dividend to shareholders (NT$0.8 per share) | (85,081,466) |
| Undistributed earnings at the end of the period | $216,483,553 |

Note 1: The total amount of fractional dividend less than NT$1 shall be combined into other income of the Company.

Note 2: If the Company's outstanding shares are subsequently changed due to the repurchase of shares, transfer of treasury stock, exercise of stock options by employees, or conversion of convertible bonds into common stock, which affects the dividend or stock distribution rate, the total amount of dividends to be distributed will be allocated in proportion to the number of outstanding shares.

Note 3: The ex-dividend date and the payment date will be determined by the board of directors after the approval of the shareholders' meeting and the board of directors is authorized to set the distribution date.

Note 4: The dividend distribution to shareholders is determined based on the earnings of the most recent year.

**(VII) Impact of the stock dividend distribution proposed by the shareholders' meeting on the Company's operating performance and earnings per share:** Not applicable.

**(VIII) Remuneration of employees, directors and supervisors**

1. The amount or range of the remuneration of employees, directors and supervisors as stated in the company's articles of association:
   The Company established an Audit Committee in 2020, so the remuneration to Company's directors and supervisors is determined in accordance with the

"Regulations Governing the Remunerations to Directors and Supervisors" as stipulated by the Company.

(1) Article 29 of the Company's Articles of Incorporation stipulates that the Chairman, Directors and Supervisors of the Company may receive monthly compensation in an amount determined by the Board of Directors based on the peer standard in the industry. Shareholders or directors of the Company who serve as managers or employees are paid as if they were ordinary employees.

(2) When the Company makes profit, it shall set aside at least 6% of the Company's annual profit as employee compensation, which shall be distributed in shares or cash as resolved by the Board of Directors. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements; the Company may set aside up to 4% of the above-mentioned profit as remuneration to directors and supervisors as resolved by the Board of Directors. Employee compensation and remuneration to directors and supervisors should be submitted to the shareholders' meeting for reporting. However, when the Company has accumulated losses, the Company shall reserve the amount to cover the losses before making any appropriation for the compensation of employees and directors and supervisors according to the aforementioned ratio.

2. The basis for the estimated amount of remuneration for employees, directors and supervisors in the current period, the calculation basis for the number of shares of employees' remuneration distributed in stock, and the accounting treatment if the actual distribution amount is different from the estimated amount:

   The employees' compensation and remuneration to directors and supervisors are reasonably estimated and recognized as expenses in accordance with the Company's Articles of Incorporation.

   If the actual distribution amount is different from the estimated amount in the subsequent resolution, it is handled as a change in accounting estimate.

3. Remuneration distribution approved by the board meeting:

   In accordance with Article 25 of the "Articles of Incorporation". The Board of Directors approved to appropriate 3.67% and 6.82% of the 2023 pre-tax profit before deducting employees' compensation and remuneration to directors and supervisors, in the amount of $4,613,165 as remuneration to directors and supervisors, and NT$8,572,470 as employees' compensation. These remunerations are paid in cash and are not different from the estimations recognized in the accounts.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

   The Company appropriated 3.68% and 6.54% of the 2022 pre-tax income before deducting employees' compensation and remuneration to directors and supervisors, in the amount of NT$13,022,211 as remuneration to directors and supervisors, and NT$23,123,225 as employees' compensation. These remunerations are paid in cash and are not different from the estimations recognized in the accounts.

**(IX) The company's buyback of its common shares:**

(1) Share bought back by the Company (already done)

| Buyback period | Fourth buyback of treasury shares | Fifth buyback of treasury shares |
|---|---|---|
| Purpose of the share buyback | Shares transferred to employees | Shares transferred to employees |
| Buyback period | 2017/06/10~2017/08/09 | 2020/03/17~2020/05/13 |
| Buyback price range | NT$20 to NT$32 per share | NT$10 to NT$20 per share |
| Type and Number of Shares Bought Back | 3,000,000 common shares | 3,000,000 common shares |
| Total monetary amount of shares bought back | NT$63,598,828 | NT$36,121,765 |
| Number of Shares Bought Back as a Percentage of the Approved Number of Shares to be Bought Back (%) | 60% | 100% |
| Number of Shares Cancelled and/or Transferred | 3,000,000 shares | 3,000,000 shares |
| Cumulative Number of the Company's Treasury Shares Held | 0 shares | 0 shares |
| Cumulative Number of the Company's Treasury Shares as a Percentage of the Total Number of the Company's Issued Shares (%) | 0% | 0% |

**II. Issuance of corporate bonds:**

**(I) Issued corporate bonds:** None.

**(II) Convertible Bond:** None.

**(III) Exchangeable Bond:** None.

**(IV) The company adopts the shelf registration method for the raising and issue of common corporate bonds:** None.

**(V) Corporate bond with warrant:** None.

**III. Issuance of Preferred Shares:** None.

**IV. Issuance of Global Depositary Receipt:** None.

**V. Issuance of Employee Stock Option:** None.

**VI. Issuance of New Restricted Employee Shares, Issuance of New Shares in connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies:** None.

**VII. Implementation of the company's capital allocation plans:** Analysis of the previous cash increase capital allocation plan: Not applicable.

# V. Operation Overview

## I. Business Content

### (I) Business Scope

1. The scope of the business as listed in the Articles of Incorporation:
   1. CC01040 Lighting Equipment Manufacturing
   2. CC01080 Electronics Components Manufacturing
   3. CC01110 Computer and Peripheral Equipment Manufacturing
   4. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
   5. E603090 Lighting Equipment Construction
   6. F401010 International Trade
   7. E601010 Electric Appliance Construction
   8. E607010 Solar Thermal Energy Equipment Installation Engineering
   9. D101060 Self-usage power generation equipment utilizing renewable energy industry
   10. IG03010 Energy Technical Services
   11. CB01010 Mechanical Equipment Manufacturing
   12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. The business proportions of the main products of the company in 2023 are as follows:

Unit: NT$ thousand; %

| Product | 2023 | |
|---|---|---|
| | Sales revenue | Proportions (%) |
| LCD | 52,491 | 3.37 |
| LCM | 1,495,261 | 95.98 |
| Others | 10,071 | 0.65 |
| Total | 1,557,823 | 100.00 |

3. New products and services planned for development:
   (1) TFT-LCD display module with in-cell touch function.
   (2) Display module with hovering touch function.
   (3) Optical bonding with high precision alignment.
   (4) LC smart window with adjustable transparency.
   (5) Reflective display module for outdoor digital signage with using electrowetting technology.
   (6) System board and display module with widget library for fast HMI development.
   (7) Quantum dot electro luminescence device in dot matrix.
   (8) White background display to match up with white goods.

### (II) Industry overview -Overall business environment and industry trends

A.COVID-19 has ended for more than a year, the anticipated "stay-at-home economic demand" in the LCD industry has not increased as expected. The primary reason is the excessively high inventory accumulated during the epidemic, coupled with the outbreak of the Russia-Ukraine war and the Middle East conflict, which have introduced economic uncertainty, triggered inflation, and led to a sharp decline in consumer willingness. Research firm Sigmaintell Consulting estimates that global LCD display (monitor) panel

shipments will reach 149 million units in 2024, representing a slight increase of 0.8% from 2023. Sigmaintell Consulting believes that given the current information, the outlook for panel demand growth in 2024 is pessimistic, although price fluctuations are moderate, consumer demand prospects are poor, and the recovery of commercial demand remains uncertain. Overall supply chain confidence is insufficient, limiting panel shipment growth. A report by Sigmaintell Consulting highlights that the panel market will continue to face challenges in 2024. Opportunities for growth are severely restricted for both display panel manufacturers and brands amidst sluggish market demand. Looking ahead, Sigmaintell Consulting estimates that with the introduction of artificial intelligence (AI) and the onset of the machine replacement cycle, technological upgrades will be inevitable, potentially reshaping the competition landscape. In the future, display effects will no longer be the sole focus of competition. Sigmaintell Consulting explains that global consumer electronics experienced a downturn in 2023, leading to a decline in display panel shipments. Amidst global economic conditions and supply chain adjustments, display panel prices fluctuate, and products undergo rapid replacement. Moderate price fluctuations in display panels are anticipated in 2024, with a slight increase in shipments.

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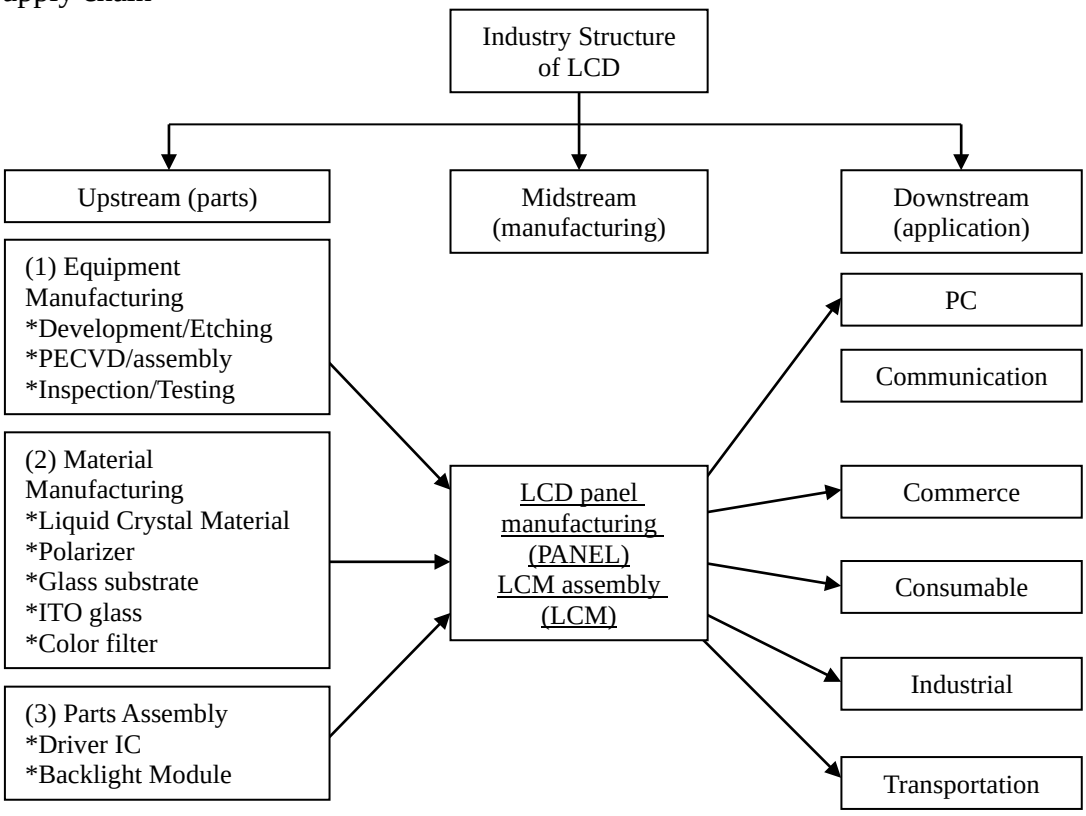
B. Links between the upstream, midstream, and downstream segments of the industry supply chain




a. Upstream (parts)

In Taiwan, we still rely on other countries for the manufacturing technology in the upstream LCD materials, except for the backlight and polarizer, which are produced by local manufacturers. Most of the materials, especially the key materials, are still need to be imported from overseas.

b. Midstream (manufacturing)

The main task of the panel factory is to take the purchased ITO glass substrates and color filters and cut them into small pieces by using photolithography and etching on the glass substrate sealant and infusing them into liquid crystal through the reticle

with designed lines. Since the manufacturing process is very similar to the semiconductor process, the product must be manufactured in a clean room.
The main business of panel module plant is to package TFT, STN LCD panels, driver ICs, backlight modules, FPC flexible cables and some plastic parts into a complete module. Then we ship them to the customers that make end products such as mobile phones, computers and instruments. At present, most of the end products are consumer products that are available in small quantities but with a wide variety of specifications, so we usually design these products to fit customers' requirements.

c. Downstream (application)
Our products are widely used in film and television products (LCD TV/VCD Player), information products (digital cameras/notebooks/LCD monitors), communication devices (mobile phones/car navigation/video phones), instrumentation products (industrial instruments/flight instruments/medical instruments) and consumer electronics products (home appliances/watches/ computers). The LCD market in general has been booming due to the mature development and continuous innovation in LCD-related technologies, as well as the rapid growth in the global computer market, communication equipment market, consumer electronics market and transportation equipment market.

C. Various Development trends for products

Development trends of LCD (liquid crystal display) products:

1. Higher resolution: LCD technology continually advances, promising future products with higher resolutions for clearer and more detailed images.
2. Thinner and lighter: Ongoing research and development efforts are driving LCD products towards thinner and lighter designs, facilitating the creation of portable and highly integrated devices like tablets and ultrathin notebooks.
3. Faster refresh rate: Increasing the refresh rate of LCD screens reduces motion blur, ensuring smoother displays, particularly beneficial for gaming and movie playback.
4. Enhanced color gamut and accuracy: Continuous enhancements in color performance broaden the color gamut and improve color accuracy, offering more realistic visual experiences.
5. Low-power consumption: Development of low-power LCD technology improves display performance while aligning with energy conservation and environmental protection efforts.
6. Flexible displays: Advancements in flexible LCD technology enable bendable or rollable screens, unlocking new possibilities for wearable devices and flexible displays.
7. Improved contrast and brightness: Ongoing enhancements in contrast and brightness levels deliver superior visual effects, especially in well-lit or high-contrast environments.
8. Enhanced multi-touch technology: Further refinements in LCD touch technology enable more sensitive and multi-touch functionalities, enhancing the overall user experience.

These trends underscore the continuous evolution of LCD technology to meet evolving market demands.

LCM (liquid crystal module) industry trends:

1. Market Size and Growth Trajectory: The LCM industry has maintained steady growth, driven by increasing demand for electronic products. Particularly, the rise of AI PCs, Internet of Vehicles, smartphones, tablets, and TVs has fueled consistent expansion in the LCM market.
2. Technological Advancement and Innovation: The LCM industry prioritizes

technological innovation to enhance display screen resolution, color performance, and overall functionality. Emerging technologies like QLED, OLED, and Micro LED are influencing the competitive landscape, pushing companies to innovate further.

3. Expansion into Diverse Applications: LCM usage extends beyond traditional display devices, encompassing sectors like automobiles, medical equipment, and industrial control. This diversification presents new market opportunities and broadens the industry's reach.
4. Cost Competition and Supply Chain Dynamics: LCM manufacturing involves a complex supply chain involving panel manufacturers, module manufacturers, and assembly plants. This complexity intensifies cost pressures and fosters fierce competition, prompting companies to streamline production processes and manage costs effectively.
5. Focus on Sustainable Development and Environmental Concerns: With increasing environmental consciousness, the LCM industry is transitioning towards more sustainable manufacturing practices and materials. Emphasis on energy conservation, emission reduction, and the adoption of eco-friendly materials is shaping the industry's developmental direction.
6. International Trade Dynamics and Supply Chain Risks: The LCM industry is susceptible to fluctuations in the international trade environment and raw material supply risks. Changes in global trade dynamics and disruptions in the supply chain can introduce volatility to the industry, necessitating adaptive strategies.

In conclusion, the LCM industry is positioned at the nexus of opportunities and challenges driven by technological advancements, application diversification, and sustainability imperatives. Adapting to evolving market demands through continuous innovation and responsiveness is paramount for industry stakeholders amidst this dynamic landscape.

D.Competition for products-The competition among LCD/LCM products is fierce and encompasses several key aspects:

1. Price Competition: Intense price competition drives manufacturers to lower costs, resulting in more affordable yet high-performing products for consumers.
2. Technological Innovation: Manufacturers actively pursue innovation to introduce new features like higher resolution, faster update rates, and improved color performance, aiming to capture consumer attention and expand market share.
3. Brand Awareness: Established brands with significant market share instill consumer trust, prompting competitors to enhance their brand image and offer higher-quality products to remain competitive.
4. Market Segmentation: The LCD market is segmented across various applications such as TVs, monitors, and tablets. Manufacturers often specialize in specific application areas to cater to distinct consumer needs, contributing to differentiation and competition.
5. Supply Chain and Production Efficiency: Effective supply chain management and efficient production processes are critical for competition. Manufacturers capable of reducing production costs and meeting market demand promptly gain a competitive edge.
6. Sustainability and Environmental Protection: Growing concerns about sustainability and environmental protection are influencing consumer preferences. Manufacturers can gain market support by offering products with low power consumption, eco-friendly materials, and recyclability.

Overall, competition in the LCD market compels manufacturers to continuously enhance product quality, performance, and innovation to meet evolving consumer demands and maintain competitiveness in the market.

**(III) Technology and R&D Overview:**

1. TFT-LCD display module with high contrast ratio.
2. TFT-LCD display module with high color gamut.
3. TFT-LCD display module with ultra-high luminance.
4. Anti-vandalism capacitive touch panel.
5. Various materials, including OCA/OCR/PVB, and the corresponding technologies available for panel lamination.
6. Embedded system boards.
7. Adapters for various display interfaces.
8. EWD production and materials / processes optimization.
9. Manufacturing process of ultra-thin glass panels and modules.
10. Panel lamination with ultra-low stress.

**(IV) Long-term and Short-term Business Development Plans**

1.Short-term Development Plan - Marketing Strategy

(1) New technology application: Launch LCD products that apply the latest technology, such as higher resolution, faster update rate, wider color gamut, etc., to improve product competitiveness.

(2) Market segmentation: Launch customized products for different market segments to meet various application needs, including consumer electronics, professional displays, automotive displays, etc.

(3) Cost reduction: By optimizing the manufacturing process and saving costs, we can improve the price competitiveness of our products and attract more consumers.

(4) Sustainability and environmental protection: Emphasize the sustainability of products, including the use of low power consumption and environmentally friendly materials, to meet the growing demand for sustainable development.

(5) Upgrade the existing product line: Technically upgrade the existing LCD product line to provide consumers with more powerful and cutting edge products. Implement product technology integration: In addition to LCD/LCM/TP/OCA lamination technology, develop OCR lamination processes from the green energy industry LED smart lighting, AIoT, Internet of Vehicles, LiDAR, smart windows, medical, home appliances and Advanced audio products, moving towards rugged computers. Integrate technology with core product LCD/LCM/TP business to increase market penetration, lay out niche markets, and strive for sustainable profits.

(6) Marketing: Through active marketing and brand promotion, enhance brand awareness and attract more consumers. Deepen the established global agent channel, position URT as an integrated problem solver and system integrator, combine hardware and software resources to assist customers in developing new products, provide customers with complete solutions, expand market share, and cultivate channel partners A symbiotic partnership.

(7) Partnerships: Establish partnerships with other related industries, such as electronic equipment manufacturers and software developers, to jointly promote the development of integrated solutions.

(8) Customer service: Strengthen customer service, provide faster and more effective technical support and after-sales service, and improve customer satisfaction.

2. Long-term Development Plan - Marketing Strategy

(1) Investment in emerging technologies: Improve the depth and breadth of product competitiveness: integrate upstream and downstream supply chains, adopt strategic cooperation methods with peers and different industries, and create a win-win situation in the market. Continue to invest in the research and development of emerging technologies, such as quantum dot display technology QLED, organic light-emitting

diode (OLED) technology, system boards, etc., to expand product categories and increase market share.

(2) Flexible display technology: Develop bendable and rollable LCD technology for use in wearable devices, flexible displays and other fields to meet future device trends.

(3) Large-size display applications: Expand large-size LCD display applications, including access control security, ordering systems, game consoles, etc., to meet the growing needs of the entertainment, education and commercial markets.

(4) Intelligent function integration: Integrate more AI functions into LCD products, such as artificial intelligence (AI) and voice assistants, to improve the intelligence level of the product.

(5) Energy-saving technology: Continuously improve the energy-saving technology of LCD products to reduce energy consumption and conform to the long-term development trend of environmental protection and sustainability.

(6) Global market expansion: Expand market share in emerging markets through global channels, enhance international competitiveness, and meet growing global consumer demand.

(7) Product technology diversification: take advantage of R&D advantages to develop large-size and high-brightness, one-piece black/one-piece white, SSCT liquid crystal technology, quantum dots, ultra-high/high brightness, high resolution, high and low temperature, ultra-thin, MIPI, and eDP interfaces , Mini-LED, and antibacterial electric touch panels use industry-leading full lamination technology to combine LCD/LCM products with larger-sized and more diverse capacitive touch modules to enhance product price diversification.

(8) Continuous quality improvement: Continuously improve the quality and reliability of LCD products, reduce failure rates, and enhance brand reputation.

## II. Overview of Market, Production and Sales

### (I) Market Analysis - Industry Outlook for Small and Medium-Sized Panels in 2024

1. Areas/regions of sales of the company's major products

The Company mainly engages in the manufacturing, system design and integrated processing and sales of various types (large, medium and small size) of LCD , touch panels and LCM.

The main sales areas are Europe, America, Japan and Taiwan.

The U.S.-China trade war in recent years has driven production lines back to Taiwan, significantly boosting the growth in the Taiwan market.

2. Market share:

Rank in 2023 "Top 5000 Large Companies in Taiwan" by China Credit Information Service:

884th in the overall manufacturing business performance. 1155th in the consolidated financial report.

3. Market’s future supply and demand situation and growth

After more than three years of epidemic lockdown, LCD products have been fully personalized and customized, and their added value has been comprehensively enhanced. URT has always focused on specializing in customized products, and has successfully transformed to provide complete high- value-added system integrationsolutions, creating business opportunities for application and growth of panel manufacturers of different sizes. In recent years, URT has achieved good results with its differentiated strategy.

In the future, it will still face the test of severe challenges from strong competitors in the ompetitive market, and will also face the continued squeeze from the Chinese government's subsidies for its competitors' huge production capacity. Although the differentiated strategy has made URT can survive healthily, but the market is changing rapidly. URT must still pursue physical improvement at all times and advance towards

greater product differentiation and integration in order to remain invincible. Future development direction of the company：

(1) Facing the drastic changes in current display market, we have to act:

a.Take the perfect timing of the excess supply of LCD panel in the post-epidemic era to obtain lower-priced and more diverse panel sources.

b.Discard the consumer market with slim profit and large volume, and focus on the high value-added market with our strong R&D Team.

c.Provide customers with hardware and software system integration solutions through strategic partners, extending from LCD modules to barebones, to systems which integrate hardware and software.

d.Accelerate the development of high-brightness panels in response to the surge in outdoor applications, and meet the demand for the applications of industrial control, automotive, home appliances, and medical products.

e.Expand the sources of revenue and accelerate the realization of diversified innovative products, such as QLED、electro-wetting display (EWD), color e-book displays, AI medical displays, AI transportation displays, smart street lamp, LiDAR, charging device, and smart window.

(2) Cross-industry alliances to develop hardware and software integration, new product applications and innovative business models:

a. Cooperate with strategic partners to promote power-saving color display (paper display), and enter the outdoor transportation application and huge advertising billboard market.

b. Develop smart displays and provide household windows, aviation industry, and smart windows for transportation vehicles.

c. Comply with ESG requirements, step into the green energy industry smart LED street lighting, and provide smart solutions for public construction.

d. Accelerate research and mass production plus development of electro-wetting (EWD) display technology with power saving and high reflection effect, etc., which will dominate the outdoor large-scale signage market.

(3) Integrate the Internet of Things and AI to develop wearable low power consumption STN LCD, soft LCD and curved touch panel to meet the market demand in wearable product applications.

(4) Integrate the medical network and AI application to develop multi-functional screening devices, blood glucose meters, blood pressure monitors, and other displays for medical devices.

(5) Continue to cultivate the Internet of Vehicles and artificial intelligence (AI) applications, continue to develop capacitive touch products that meet automotive specifications EMI, EMC, and wide-temperature requirements to enter the automotive market.

4.competitive niche

Technological Innovation and Advancement: The medium and small-sized panel industry will prioritize technological innovation, focusing on enhancing resolution, improving color performance, and reducing power consumption. This includes advancements in new display technologies like QLED, OLED, and Micro-LED. Adoption of Flexible Display Technology: Flexible display technology is anticipated to gain traction in applications for medium and small-sized panels, driven by consumer demand for wearable devices and flexible screens.

5. Advantages and Disadvantages of Development Prospects

Addressing Global Supply Chain Challenges: The industry faces challenges in the global supply chain, including raw material procurement and transportation issues, necessitating flexible supply chain management capabilities. Emergence of New Applications: Medium and small-sized panels are finding applications in emerging fields like augmented reality

(AR) and virtual reality (VR) as technology continues to evolve. Impact of Global Economic Conditions: Changes in the global economy may influence the demand for medium and small-sized panels, prompting manufacturers to closely monitor global economic trends.

6. Countermeasures

Market Competition: With the widespread application of medium and small-sized panels, market competition is expected to intensify. The company plans to concentrate on brand development, competitive pricing, and product differentiation to capture a larger market share. Integration of AI Applications: Panels will increasingly incorporate AI functionalities and support technologies such as artificial intelligence and voice assistants to enhance user experience. Sustainability: With growing environmental consciousness, manufacturers of medium and small-sized panels are prioritizing sustainable development practices to minimize the environmental impact during production.

We will continue to develop high value-added products:

(1) We position ourselves as solution provider for display system design integration:

a. URT has more than 30 years of leading liquid crystal display technology. We provide customers with integrated product services for hardware and software systems, provide customers with one-stop solutions, and establish long-term relationships with customers.
b. In addition to providing customers with integrated hardware and software system products and services, we also provide customers with one-time purchase solutions and establish long-term close relationships with customers.
c. Avoid the traditional low-margin business model of providing customers with a single display module to increase the added value of products.
d. Hardware: We combine LCD module with touch panel, circuit control panel and case to build up the whole machine, so that we can help our customers to make a modular design to improve their design efficiency. Software: We provide customers with front-end software integration and configuration for displays, helping customers to reduce the workload at the design stage and shorten the development time for customers.

(2) Keep improving the competitiveness for our products:

a. Product diversification to meet the market demands and to integrate design, technology and procurement capabilities to quickly meet the market demand, constantly developing new products to catch the market trends and developing advanced products.
b. System integration products: LED smart lighting, TP+LCM+Housing+Hardware+software embedded system, quantum dot with high color saturation, high contrast display module, medium to large size product with high temperature resistant and ultra-high/high brightness (1000nits or more), high resolution product, ultra-thin thickness product, high and low temperature resistant (-30oC~+85 oC) product, medium to high brighness large size product ((12.1", 13.3", 15", 15.6", 19", 22" or more), special size bar type LCD, impact and drop resistant (IK10 ), fully laminated products, and Mini LED.
c. Develop high value-added display module products to avoid low-price competition from Chinese competitors, and to attack the markets with higher technology threshold, such as automotive/marine products (curved capacitive touch panel), medical instruments, game machines, industrial instruments, Vo-IP phone, POS, professional audio and high unit price cooking machines, and in the field of medical blood glucose and blood pressure meter. We are growing steadily in the field of medical blood glucose and blood pressure meters.

(3) Develop differentiated products to enhance our competitiveness:
Expanding our product lines based on our leading technology in LCD/LCM/TP panels and modules, including Mini-LED, color e-book displays, air-touch panel, smart windows, smart medical displays, smart transportation displays, Lidar ,smart sun glass and smart streetlights. Quantum dot with high color saturation, high contrast display module, WSVGA, WXGA and other high resolution display modules, curved capacitive touch panel, splash resistant capacitive touch panel, EWD electric humidity display mass production process, dynamic focus LCD lens, anti-bacterial electric touch panel.

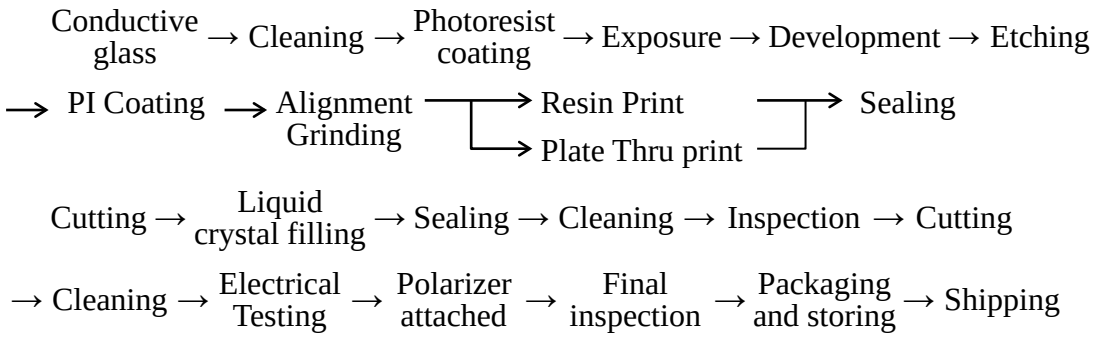
## (II) Important Applications and Production Process of Main Products:

1. Important Applications and Services of Main Products

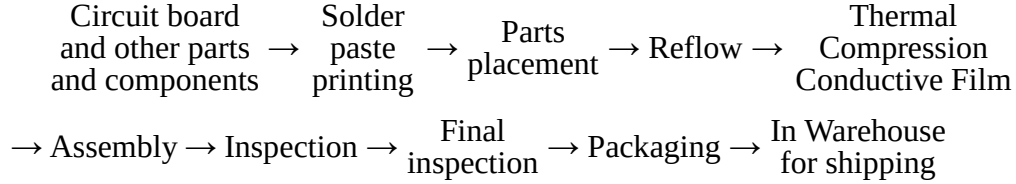
| Main Products | Application and Service |
|---|---|
| LCD | Audio, instruments, toys, computers, communication equipment, fax machines, medical supplies, watches, cell phones, other equipment |
| LCM | Electronic dictionaries, electronic books, OA machines, communication equipment, computer displays, medical supplies, digital cameras and mobile phones with touch panels, digital cameras, MP3 players, etc. |
| Touch Panel | Food processor, refrigerator, microwave oven, coffee maker, web pad, NB, electronic dictionary, washing machine, OA machine, communication equipment, medical supplies, digital camera and touch panel of cell phone, digital camera, ATM, GPS, POS, industrial control panel, etc. |

2. Production process for the major products

(1) LCD




(2) LCM




(3) Touch Panel OLGS Type
ITO Glass Tempering → Printing → ITO Coating → Etching → Glass Sensor Cutting → External Edge Grinding → Flexible circuit board hot pressing → functional test → final inspection → packing in stock → shipping

## (III) Supply status of the major raw materials

1. LCD

| Major Raw Materials | Supply Area | Status |
|---|---|---|
| Glass | USA, Japan, Korea, Hong Kong, Taiwan | Normal |
| Liquid Crystal | Europe and Japan | Normal |
| Polarizer | Japan and Taiwan | Normal |
| Color filter | Japan, Taiwan and China | Normal |
| Glass powder | Japan | Normal |

2. LCM

| Major Raw Materials | Supply Area | Status |
|---|---|---|
| LCD | Taiwan | Normal |
| IC | Taiwan and Japan | Normal |
| PCB | Taiwan | Normal |
| Resistor and Capacitor | Taiwan | Normal |
| Conductive rubber | Taiwan | Normal |

3. Touch Panel

| Major Raw Materials | Supply Area | Status |
|---|---|---|
| ITO film | Taiwan and Japan | Normal |
| Conductive adhesive | Taiwan and Japan | Normal |
| FPC | Taiwan and Japan | Normal |
| Resistor and Capacitor | Taiwan | Normal |

| Major Raw Materials | Supply Area | Status |
|---|---|---|
| Glass | Taiwan and China | Normal |
| Optical cement | Taiwan and Japan | Normal |
| IC | Taiwan | Normal |
| - | - | - |

## (IV) List of principal suppliers and customers

1. The list of suppliers accounting for more than 10% of net purchases in the last two years

Unit: NT$ thousand

| Year | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of Annual Net Purchase (%) | Relationship with the Issuer | Name | Amount | Percentage of Annual Net Purchase (%) | Relation to the Company |
| 1 | - | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - | - |
| 3 | Others | 861,347 | 100.00 | - | Others | 1,232,406 | 100.00 | - |
| | Net purchase amount | 861,347 | 100.00 | - | Net purchase amount | 1,232,406 | 100.00 | - |

Reason for the change: Change the source of material for mass production in new products

2. The list of customers accounting for more than 10% of net sales in the last two years

Unit: NT$ thousand

| Year | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of Annual Net Sales (%) | Relationship with the Issuer | Name | Amount | Percentage of Annual Net Sales (%) | Relation to the Company |
| 1 | Company L | 607,800 | 39.02 | None | Company L | 746,827 | 38.30 | None |
| 2 | - | - | - | - | - | - | - | - |
| 3 | Others | 950,023 | 60.98 | - | Others | 1,202,929 | 61.7 | - |
| | Net sales amount | 1,557,823 | 100.00 | - | Net sales amount | 1,949,756 | 100.00 | - |

Reason for the change: Key customers' business are growing.

## (V) Production volume for the most recent two years

Unit: NT$ thousand; thousand pcs

| Year / Production Value / Major Product | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Production Capacity | Production Volume | Output Value | Production Capacity | Production Volume | Output Value |
| LCD | 1,026 (Note) | 3,907 | 357,879 | 1,026 (Note) | 6,288 | 505,124 |
| LCM | 7,800 | 4,113 | 1,205,099 | 7,800 | 5,571 | 1,390,455 |
| Total | - | 8,020 | 1,562,978 | - | 11,859 | 1,895,579 |

Note: The calculation is based on the mother glass.

## (VI) Sales Volume Value of the Last Two Years

Unit: NT$ thousand; thousand pcs

| Year / Sales Value / Major Product | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic sales | | Export | | Domestic sales | | Export | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| LCD | 155 | 17,730 | 1,453 | 36,538 | 338 | 74,150 | 2,032 | 45,185 |
| LCM | 579 | 345,466 | 2,627 | 1,158,083 | 885 | 424,941 | 3,095 | 1,389,576 |
| Others | - | - | - | - | - | 14,829 | - | - |
| Total | 734 | 363,196 | 4,080 | 1,194,621 | 1,223 | 513,920 | 5,127 | 1,434,761 |

# III. Employee

Unit: number of employee

| Year | | 2023 | 2022 | March 31, 2024 |
|---|---|---|---|---|
| Number of employees | Direct labor | 261 | 320 | 260 |
| | Indirect labor | 169 | 179 | 166 |
| | Total | 430 | 499 | 426 |
| Average age | | 48.04 | 42.34 | 44.93 |
| Average years of service | | 16.84 | 13.41 | 15.45 |
| Distribution of education level | PhD | 0.47% | 0.40% | 0.24% |
| | Master | 6.98% | 6.21% | 7.04% |
| | College | 41.63% | 39.68% | 41.31% |
| | High school | 43.25% | 45.49% | 43.66% |
| | Under high school | 7.67% | 8.22% | 7.75% |

## IV. Information on environmental protection expenditures:

**(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:**

In accordance with Article 12 of the Water Pollution Control Act, the Company has a dedicated personnel for wastewater treatment. The approved documents are (105) Huan Xun Zheng Zi No. GB080486 and GB150865. The wastewater discharge permit has been approved by the Taichung City Government with permit No. 00416-06 and 11983-01. The Company has been awarded the "Excellent Pollution Control Performance Award" by the Export Processing Zone Administration, Ministry of Economic Affairs.

The implementation status of wastewater treatment is described as follows:

| | Goal/Target | Project | Dedicated personnel | Current Status | Implementation Status |
|---|---|---|---|---|---|
| Waste water Treatment | Comply with management regulations and handle related matters | Regular testing (once every six months) | Factory Affairs Department | Conduct testing and declaration every six months in accordance with regulations | Testing and declaration operations will be completed in July 2023 and January 2024 |
| | | Regular calibration of wastewater discharge flow meter (once a year) | | Calibrate every year according to regulations | Correction completed on March 27, 2023 |

**(II) Describing the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described:** The Company has not had any pollution disputes up to date. Only change the pH operating range for the surge tank.

**(III) Losses arising as a result of environment pollution in the last year up till the publication date of this annual report (including violations against environment protection law found during a inspection and the damage; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated:** None.

**(IV) Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years:**

1. Current pollution status of the company: None.
   (1) In 2008, Plant 1 received a special merit award for greening project organized by the Ministry of Economic Affairs.
   (2) In 2014, we were ranked third place for water saving achievement for the Park by the Ministry of Economic Affairs.
   (3) The estimated expenditure for the next two years is NT$17,716 thousand for periodic testing of the air pollution sources, sewerage treatment in the management office, and wastewater treatment and maintenance fees.
2. The impact of the improvement on the Company's earnings, competitive position and capital expenditure: None.

**(V) RoHS related green information and social responsibility:**

Since the EU first proposed the 2002/95/EC directive/announcement/implementation in 2002, the Company has been paying close attention and planning to complete the material and finished product management in order to make sure they comply with the directives. The Company has also been paying attention to their updates and development. Therefore, we were able to comply with the updated version of the 2011/65/EU Directive version 2 in 2011 promptly or earlier in response to the changes. In addition to paying attention to regulatory updates, we periodically take the initiative to confirm whether there are any changes and industry trends, and to clarify and announce regulatory compliance on our website. The details are described below:

1. The European Union (EU) has taken the environmental issues related to hazardous substances seriously and announced the RoHS (Restriction of Hazardous Substances Directive) for electrical and electronic equipment on February 13, 2003. In order to make more efforts to protect the earth, the Company has been planning to introduce the lead-free solder process since January 2005, and established the control procedure of environmental consideration substances in 2005 to enhance our international competitive advantage. EU has required all electrical and electronic products entering the European market from July 1, 2006 must not exceed the limit concentrations for hazardous substances (lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs)) mentioned in the RoHS Directive.
2. Our products are exported directly or indirectly to Europe, and we are an important supplier in the international green supply chain for the world's most famous brands, which are originally committed to green, and are even active advocates in green, and have always been subject to strict regulations and examinations in all aspects of research and development, design, procurement, manufacturing and marketing of related products before they can be included in the green supply chain system. We have been working with these world-renowned brands for many years, and have met the required standards for the global green initiatives, such as the EU RoHS directive. We follow the strict requirements set by these world-renowned manufacturers, which are different but similar to each other. The Company's products were completed on June 30, 2006, as required by the regulations, which should provide a strong niche for business promotion and help to increase the market share, and therefore, there is no negative impact on the Company's financial position.
3. On July 1, 2006, the EU RoHS (Restriction of Hazardous Substances Directive) was implemented. In addition to revising the above control procedures, we have also taken the initiative to understand the requirements from our customers and passed on the relevant information to the management members in all departments and plants to ensure that our products comply with the EU directives or customer requirements. Since it is a worldwide trend to restrict the use of hazardous substances, other countries outside the EU have been promulgating individual regulations, so it is our important responsibility to keep track of the relevant laws.
4. We have been paying attention to the latest and updated version of the EU and international regulations since they were implemented, and with the cooperation and efforts made by all employees, the company's operation has not caused any problems associated with the implementation of RoHS. As the environmental requirements arising from global warming and greenhouse gases continue to intensify in the future, we will continue to adjust our business structure and strive for business opportunities while taking into account the environmental requirements, and maximize profits for all shareholders and contribute to society.

5. RoHS Version 2 was effective on January 3, 2013; the original Directive 2002/95/EC was replaced by 2011/65/EU. We have completed the conformity assessment for all products and materials in 2011 to make sure that they are in compliance. In 2011, we formally announced to customers that we are in compliance with the new version, so that customers can be assured. Our business cards, presentations, reports and posters have been converted to Directive 2011/65/EU. The new version of the Directive will include medical and surveillance devices that were previously not included, and the new version will have no effect on the Company.
6. REACH control items SVHC is also the EU environmental control substances directive, the Company also take the same as the RoHS system control, products are in line with the REACH directive requirements, and continue to update, and gradually add new substances control, such as PFOS, PFOA, halogen-free and other requirements. We always meet the industry and customer demands as quickly as possible.
7. RoHS was updated to (EU)2015/863 directive in 2015, which increased from the original 6 substances to 10 substances. The Company has prepared the response ahead of time, and explained and announced the compliance status on the website to assure the customers.
8. In addition to the RoHS, REACH and other well-known and important environmental protection regulations described in the above, the Company has been taking the initiative to gradually add controls on substances that are more frequently asked by customers or have increased control around the world in recent years, such as halogens, PFOS (perfluorooctane sulfonic acid), PFOA (perfluorooctanoic acid), PAHs (polycyclic aromatic hydrocarbons) and other key substances. We request our suppliers to cooperate and change their materials. At present, all of our products are in compliance with the requirements, and the compliance status is clearly announced on our website and various channels to let our customers know about it, so that our customers can have more confidence in our products and we can also contribute to the environment and society through our manufacturing process and production.

## V. Employee Relationship

### (I) Various employee welfare measures, advanced studies, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures:

1. Welfare measures and their implementation status:
   (1) When the Company started production in May 1991, an Employee Welfare Committee was established to be in charge of the employee welfare matters of the Company. Employees are entitled to receive annual festival gift certificates, birthday gift certificates, travel subsidies, wedding and funeral subsidies or condolences. The staff welfare committee is elected by all employees from among themselves, and is committed to working hard for the welfare of our employees; the company also has contracted vendors to provide discounts to employees.
   (2) All employees of the Company are covered by labor insurance and national health insurance and group insurance.
   (3) The Company organizes annual employee outings or get-togethers to encourage employees to actively participate in group activities and motivate them to have a strong body for better life.

(4) The company has a staff cafeteria available to provide meals for the employees, as well as a library, fitness facilities, and recreational facilities for the employees

(5) Employees are given a health check once every two years after starting to work at the plant; dormitories for men and women are available for the employees who come from far away; the plant actively promotes energy saving and carbon reduction, promotes aerobic exercise, and provides weight loss competition and sport contest prizes to reward employees who have achieved weight loss and excellent competition results.

(6) We host employee gatherings or annual party, honor annual outstanding employees, select the May 1st Exemplary Laborer, award patent inventions, yield improvement, performance achievement and other significant contributions, and recognize senior employees and thank them for their long term contributions to the company.

(7) We propose an improvement system and award prize for excellent proposals; we promote 6S campaign and offer prizes for competition, and strive to create a clean space that meets quality requirements.

(8) The company provides pregnant women armbands to be worn by pregnant employees to prevent from collision in order to protect pregnant women and fetuses; female employees on night shift who are pregnant will be transferred to day shift work. The Company will assist pregnant workers to change their working environment or job if the environment or job they perform is harmful to them or their fetus. The Company also has a lactation room to provide a privacy and comfortable space for female employees to collect breast milk; we also provide seven paid days for pregnancy checkup and seven paternity leave for male employees in accordance with the law.

2. Continuing training system and its implementation status:

The Company has a training system for new employees, which helps new employees to get familiar with their work sooner. The employees are trained by experienced personnel in each department according to their job requirements or participate in on-the-job training outside the plant.HR department arranges internal training courses throughout the year to enhance the staff's professional knowledge in each department. The course fees for both internal and external training are covered by the company. In October 2022, we applied for the "TTQS Certification for Enterprises" issued by the Workforce Development Agency, Ministry of Labor, and were certified as " Silver medal ". In 2020, 2021and 2022, our staff participated in the "iCAP C&G 8106-21 Advanced Diploma in Professional Training and Accreditation" IVQA international certification training and successfully obtained the international certification; in 2021and2022, we completed the training of 40 internal instructors in our plant through a project training program. The total number of hours for internal and external training in 2023 is 3,685, and the total number of attendees is 3,761.

| Item | Number of courses | Number of attendees | Total hours (hr) | Total expense |
|---|---|---|---|---|
| 1. New employee training | 6 | 11 | 66 | 0 |
| 2. Professional Training | 207 | 3,675 | 3,485 | 407,263 |
| 3. Executive training | 14 | 75 | 134 | 318,351 |
| Total | 227 | 3,761 | 3,685 | 725,614 |

3. Retirement system and its implementation status:

(1) The Company has established the Employee Retirement System to ensure that employees can work comfortably during their employment and secure their post-retirement life. All employees who meet the requirements of the Act are

entitled to receive a pension upon retirement. The Company has been making contributions to the pension fund since 1991 at a rate of 2% of the monthly salary, which is deposited in a bank account designated by the government.

(2) The Company invited an actuary to explain the rules of the new pension system to its employees in order to facilitate their selection in accordance with the new pension system which was launched on July 1, 2005.

(3) The Company has appointed an actuary to evaluate and calculate the labor retirement reserve and prepare an actuarial evaluation report.

(4) Comply with Article 56(2) of the Labor Standards Act, which requires the employer to conduct a year-end review and make full contributions to the labor retirement reserve by the end of March of the following year.

4. Agreements between employees and employers and measures to protect employees' rights and interests:

(1) Labor relations are always smooth as employees can respond directly to their supervisors to express their personal opinions. The Company has also set up various communication channels to protect employees' rights and interests and promote harmonious labor relations, such as the president's mailbox at each factory to receive letters from employees; the president's hotline and the workplace violence complaint hotline to provide a channel for employees' complaints; the Sexual Harassment Prevention Committee, regular labor-management meetings, the Safety and Health Committee, the Employee Welfare Committee, and foreign employee meetings to provide a platform for communication. The Company's Articles of Incorporation stipulate that if the Company makes a profit in a year, it shall set aside not less than 6% as employee compensation, and the Board of Directors shall resolve to distribute it in shares or cash to employees who meet certain criteria to protect the welfare of employees. Since the establishment of the plant, the labor relations have been pleasant.

(2) The Company strongly encourages its employees to participate in charitable organizations, and advocates involvement in charitable activities, and provides necessary relief to the disadvantaged groups or handicapped people.

(3) For the last two years and as of the publication date of the annual report, the Company has not suffered any losses from labor disputes, so the Company is not required to disclose the estimated amount of current and potential future losses and measures to address them.

5. Employee Code of Conduct

(1) The Company has established this Code in accordance with the Labor Standards Act and related laws and regulations in order to establish a management system to improve organizational functions.

(2) Employee Rules:
For the development of the Company and for the welfare of all employees, all employees of the Company shall abide by the following rules:

(a) We shall distinguish between public and private affairs, respect each other's personality, and treat each other sincerely, and work together to achieve the goal of the Company.

(b) To obey the reasonable instructions and supervision given by supervisors at all levels.

(c) Be truthful and honest in their daily behavior, and refrain from debauchery, extravagance, gambling, etc., which may damage the reputation of the Company.

(d) Not to be engaged in any outside business that is harmful to the Company.

(e) Do not disclose business or technical secrets of any unit to external parties.

(f) Do not read documents, correspondence, design drawings, and information that are not managed by you.
(g) Take care of all public property and do not waste it.
(h) Perform duties with diligence and will not be afraid, evasive or unreasonably delayed.

6. Work environment and employee safety protection measures:

The Company emphasizes on safety, hygiene and occupational health management. In 2006, we were certified with the OHSAS18001 occupational safety and health system. In order be in line with the amendment to the international standard, the Company were successfully certified with the new version of ISO45001 occupational safety and health system by TUV in August 2019. We conduct regular education and training on labor safety and health for new and current employees, and hold a number of employee health management activities to raise employee safety awareness. The Company has established employee work rules in accordance with the Article 25 of the Occupational Safety and Health Act and the "Rules for Occupational Safety and Health" published by the Industrial Safety and Health Association of the Republic of China.

(1) The purpose is to assist our employees to understand how to prevent the occurrence of hazards and to protect the health and safety of employees and the Company's property.
(2) If any employee of the Company causes an accident arising from disloyalty or negligence in his or her duties, or extends the scope of the accident to cause damage to public property or harm to public safety, he or she shall be subject to penalty in accordance with the work rules and the law if necessary. The Company shall be liable for any and all occupational accidents caused by improper facilities of the Company.
(3) The content includes general safety and health code / health / workplace general safety and health code / material storage and operation safety code / electrical and air pressure operation safety code / fire prevention code / hazardous chemicals and organic solvents operation safety code / evacuation code.
(4) Safety and health slogans: (a) Go to work with joy and go home safely. (b) Be careful when working, and your family members are waiting (c) Strengthen the automatic inspection and ensure the safety in the plant. (d) Keep the environment clean and maintain safety and health. (e) Preventing accidents and protecting family well-being. (f) Safety first, respect for everyone. (g) Wear all kinds of protective equipment. (h) Prevention is more important than remediation. (i) Everyone works together to prevent accidents.

The company has established a friendly and safe working environment in order to make sure that our employees can work safely and securely based on the importance of working environment and employee safety protection measures. Please refer to page 60-61 of this Annual Report for the major objectives and management plans of the Company.

7. Corporate Social Responsibility:

(1) Establish a CSR management handbook to address the Company's management philosophy, including the labor rights required by RBA and SA8000 and the Company's ethical management to establish the Company's top management policy.
(2) Include air pollution, waste water, energy saving, risk management in work safety, labor rights, working hours, compensation, overtime, non-discrimination, sexual harassment prevention, personal data protection, integrity requirements and supplier management.

(3) Environment and Safety: We review the potential risks and opportunities for improvement every six months, select topics to conduct projects and track the performance, and report to the top management.

(4) Labor rights and corporate ethical management: Written regulations on various matters are clearly defined, and employees are informed, and suppliers are required to sign contracts. We have established various task teams, for example, sexual harassment prevention team, and corporate ethical management team.

(5) The Company is committed to implementing the corporate social responsibility, maintaining the ecological environment, practicing energy conservation and carbon reduction, actively participating in community activities to contribute to society and providing a safe and healthy working environment for employees.

(6) Operating with integrity and transparency, the Company has established the Procedures for Ethical Management and Guidelines for Conduct.

8. Organizational structure of risk management:

(1) For the assessment and management of the Company's risk matters, please refer to the Risk Matters and Assessment as of the Publication Date of the Annual Report.

(2) The Company has an organizational structure for emergency response and disaster prevention.
General Commander for Response and Disaster Prevention → On-site Commander (Unit Supervisor/Substitute) → Rescue Team (Incident Unit)/ Plant Equipment Evacuation Guidance Team/ Fire Fighting Team/ Coordination Team

(3) Procedures for emergency response:
In case of a communicable disease announced by the government and immediately endangering the production of the company, person who discovered shall notify the supervisor → the epidemic prevention commander instructs all departments and safety and health management team to convene a meeting to discuss countermeasures → each department adopts measures to prevent the spread of the epidemic outside the factory from endangering the Company's production and other operational activities → suspicious or possible cases found in the plant → Response to Level 2 and 3 of the epidemic preventive measures → The commander directs that all emergency measures must be initiated to prevent the spread of the epidemic → Isolate and disinfect people, things, and objects in contact with infected persons → Take the body temperature, wear a mask, and disinfect people, things, and objects not in contact with infected persons and isolate them from contact with infected persons, things, and objects → Epidemic prevention commander shall → 1. notify the President 2. notify the health authorities 3. take all necessary epidemic prevention measures in cooperation with the epidemic prevention operations conducted by the county and city → The Company is approved by the competent health authority to be in a non-infected zone → Taiwan is declared a non-infected country by the World Health Organization (WHO) before terminating the relevant epidemic prevention measures.

9. Issues related to greenhouse gases and carbon emissions:

(1) Under the leadership of the general manager, the ESG Committee had established in 2022, dedicated to greenhouse gas carbon emissions and energy related issue, focus on education and training, and a follow-up plan had been made in June 2022.

(2) Completed the ISO-50001 energy management system certification in Q3 in 2023.

(3) It is planned to start the establishment of the ISO-14067 carbon footprint

management system in 2025.

(4) The committeewill continue to focus and plan for ESG report, and continue to pay attention to issues related to water resources, carbon rights, and carbon tax.

**(II) List all losses arising as a result of employment disputes in the last year up till the publication date of this annual report (including violations against Labor Standards Act found during a labor inspection; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated:** The Company had no labor disputes in the most recent year and as of the date of publication of the annual report.

## VI. Information Security Management

**Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management.**

Planning and constructing the company's information management system, responsible for network and system information security control and protection measures, in order to reduce the company's operation and information security risks. Improper security control, operation, and backup of the information system cause risks to the enterprise, such as System barriers, crashes, data deletion, security protection or computer virus prevention and treatment, etc. Specific management measures：

Account authority control, daily backup of information system and operational data, system backup mechanism.

Internal threat prevention: virus and network threat protection, cloud system access control, file operation behavior record, email audit. External threat prevention: set up firewalls to block external attacks, spam and malicious emails.

## VII Important Contracts

| Contract nature | Counterparty | Contract start and end dates | Main content | Restrictions |
|---|---|---|---|---|
| Land lease contract | Export Processing Zone Administration, MOEA, Taichung Branch | 2020.06.01~ 2030.05.31 | Lease of land on Chien Kuo Road | Restricted to use for end-enterprise only |
| | | 2018.12.01~ 2028.11.30 | Lease of land on S. 2nd Road | Restricted to use for end-enterprise only |
| | | 2015.10.01~ 2025.09.30 | Lease of land on S. 2nd Road | Restricted to use for end-enterprise only |
| | | 2020.12.01~ 2030.11.30 | Lease of land on S. 2nd Road | Restricted to use for end-enterprise only |
| | | 2021.06.01~ 2031.05.31 | Lease of land on Bei Huan Road | Restricted to use for end-enterprise only |
| | | 2017.08.01~ 2027.07.31 | Lease of land on Fuxing Road | Restricted to use for end-enterprise only |
| | | 2016.12.27~ 2026.12.26 | Lease of land on E. 2nd Road | Restricted to use for end-enterprise only |

There are no material restrictions on the Company's other ongoing sales or agency contracts.

# VI. Financial Overview

## I. Financial information for the last five years

### (I) Condensed Balance Sheet and Statement of Comprehensive Income

## Condensed Consolidated Balance Sheet

Unit: NT$ thousand

| Item \ Year | | Financial information for the last five years (Note 1) | | | | | Financial Information for the current year as of March 31, 2024 (Note 2) |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Current assets | | $1,579,191 | $1,700,307 | $1,745,256 | $1,696,797 | $1,548,837 | $1,619,047 |
| Property, plant and equipment | | 122,160 | 100,785 | 135,115 | 124,362 | 133,334 | 130,592 |
| Intangible assets | | 8,056 | 5,978 | 8,949 | 8,728 | 6,602 | 6,839 |
| Other assets | | 84,331 | 122,605 | 209,525 | 206,054 | 200,169 | 203,297 |
| Total assets | | 1,793,738 | 1,929,675 | 2,098,845 | 2,035,941 | 1,888,942 | 1,959,775 |
| Current liabilities | Before distribution | 383,982 | 504,333 | 422,819 | 378,260 | 276,646 | 414,111 |
| | After distribution | 468,543 | 591,630 | 561,076 | 569,693 | 361,727 | Undistributed |
| Non-current | | 90,652 | 101,487 | 95,844 | 61,414 | 56,090 | 54,104 |
| Total liabilities | Before distribution | 474,634 | 605,820 | 518,663 | 439,674 | 332,736 | 468,215 |
| | After distribution | 559,195 | 693,117 | 656,920 | 631,107 | 417,817 | Undistributed |
| Equity attributable to shareholders of the parent company | | 1,319,104 | 1,323,855 | 1,580,182 | 1,596,267 | 1,556,206 | 1,491,560 |
| Share capital | | 1,063,518 | 1,063,518 | 1,063,518 | 1,063,518 | 1,063,518 | 1,063,518 |
| Additional paid-in capital | | 5,702 | 5,702 | 17,340 | 17,340 | 37,883 | 37,883 |
| Retained earnings | Before distribution | 281,593 | 328,888 | 465,405 | 608,339 | 505,572 | 349,844 |
| | After distribution | 197,032 | 241,591 | 327,148 | 416,906 | 420,491 | Undistributed |
| Other equity | | (17,929) | (24,351) | 33,919 | (92,930) | (50,767) | (44,767) |
| Treasury stock | | (13,780) | (49,902) | 0 | 0 | 0 | 0 |
| Non-controlling interests | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | Before distribution | 1,319,104 | 1,323,855 | 1,580,182 | 1,596,267 | 1,556,206 | 1,491,560 |
| | After distribution | 1,234,543 | 1,236,558 | 1,441,925 | 1,404,834 | 1,471,125 | Undistributed |

Note 1: The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The financial statements for the three months ended March 31, 2024 have not been reviewed by the CPA as of the date of publication of the annual report.

Note 3: The figures after distribution as mentioned above are filled in based on the resolutions of the board of directors or the next annual shareholders' meeting.

# Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ thousand

| Year / Item | Financial information for the last five years (Note 1) | | | | | Financial Information for the current year as of March 31, 2024 (Note 2) |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Operating income | $1,875,209 | $1,791,572 | $2,069,712 | $1,948,681 | $1,557,823 | $297,359 |
| Operating margin | 260,039 | 255,748 | 336,606 | 410,491 | 260,253 | 256,548 |
| Operating profit and loss | 76,852 | 94,383 | 146,560 | 230,079 | 92,957 | 40,811 |
| Non-operating income and expenditure | 15,483 | 2,842 | 22,425 | 87,589 | 19,566 | 44,176 |
| Net profit before tax | 92,335 | 97,225 | 168,985 | 317,668 | 112,523 | (3,365) |
| Current net profit of continuing business units | 92,016 | 92,720 | 183,130 | 253,089 | 90,221 | 23,266 |
| Losses from discontinued business units | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit for the period | 92,016 | 92,720 | 183,130 | 253,089 | 90,221 | 14,436 |
| Other comprehensive income of the current period (net after tax) | (10,754) | 32,714 | 98,954 | (98,747) | 40,608 | 6,000 |
| Total comprehensive income | 81,262 | 125,434 | 282,084 | 154,342 | 130,829 | 20,436 |
| Net profit attributable to owners of the parent company | 92,016 | 92,720 | 183,130 | 253,089 | 90,221 | 14,436 |
| Net profit attributable to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income attributable to owners of the parent company | 81,262 | 125,434 | 282,084 | 154,342 | 130,829 | 20,436 |
| Total comprehensive income attributable to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per share | 0.88 | 0.90 | 1.74 | 2.38 | 0.85 | 0.14 |

Note 1: The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The financial statements for the three months ended March 31, 2024 have not been reviewed by the CPA as of the date of publication of the annual report.

Note 3: Business units whose operations have been discontinued are disclosed with their net amounts after income tax.

# Condensed Parent Company Only Balance Sheets

Unit: NT$ thousand

| Item \ Year | | Financial information for the last five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | $1,593,253 | $1,714,165 | $1,760,003 | $1,713,131 | $1,564,431 |
| Property, plant and equipment | | 115,120 | 94,812 | 130,064 | 124,362 | 133,334 |
| Intangible assets | | 8,056 | 5,978 | 8,949 | 8,728 | 6,602 |
| Other assets | | 83,762 | 122,677 | 209,767 | 206,307 | 199,499 |
| Total assets | | 1,800,191 | 1,937,632 | 2,108,783 | 2,052,528 | 1,903,866 |
| Current liabilities | Before distribution | 384,953 | 505,445 | 424,006 | 378,917 | 275,916 |
| | After distribution | 469,514 | 592,742 | 562,263 | 570,350 | 360,967 |
| Non-current | | 96,134 | 108,332 | 104,595 | 77,344 | 71,744 |
| Other liabilities | | - | - | - | - | - |
| Total liabilities | Before distribution | 481,087 | 613,777 | 528,601 | 456,261 | 347,660 |
| | After distribution | 565,648 | 701,074 | 666,858 | 647,694 | 432,711 |
| Capital | | 1,063,518 | 1,063,518 | 1,063,518 | 1,063,518 | 1,063,518 |
| Additional paid-in capital | | 5,702 | 5,702 | 17,340 | 17,340 | 37,883 |
| Retained earnings | Before distribution | 281,593 | 328,888 | 465,405 | 608,339 | 505,572 |
| | After distribution | 197,032 | 241,591 | 327,148 | 416,906 | 420,521 |
| Other equity | | (17,929) | (24,351) | 33,919 | (92,930) | (50,767) |
| Treasury stock | | (13,780) | (49,902) | - | - | 0 |
| Total equity | Before distribution | 1,319,104 | 1,323,855 | 1,580,182 | 1,596,267 | 1,556,206 |
| | After distribution | 1,234,543 | 1,236,558 | 1,441,925 | 1,404,834 | 1,471,155 |

## Condensed Statement of Comprehensive Income (Unconsolidated)

Unit: NT$ thousand

| Item \ Year | Financial Information for the Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating income | $1,875,209 | $1,791,572 | $2,069,712 | $1,948,681 | $1,557,823 |
| Operating margin | 260,039 | 255,748 | 336,606 | 410,491 | 260,253 |
| Operating profit and loss | 79,457 | 96,880 | 148,965 | 231,646 | 94,443 |
| Non-operating income and expenses | 12,878 | 345 | 20,020 | 86,022 | 18,080 |
| Net profit before tax | 92,335 | 97,225 | 168,985 | 317,668 | 112,523 |
| Profit or loss from continuing business units | 92,016 | 92,720 | 183,130 | 253,089 | 90,221 |
| Profit or loss from discontinued business units | - | - | - | - | - |
| Net profit for the period | 92,016 | 92,720 | 183,130 | 253,089 | 90,221 |
| Other comprehensive income of the current period | (10,754) | 32,714 | 98,954 | (98,747) | 40,608 |
| Total comprehensive income | 81,262 | 125,434 | 282,084 | 154,342 | 130,829 |

Note 1: The financial information of each year above has been audited and certified by the independent auditor.

Note 2: Profit or loss from continuing operations and profit or loss from discontinued operations were presented in the net of income taxes.

### (II) Names of Accountants in the Last Five Years and Their Review Opinions

| Year | Accounting firm | Name of independent auditor | Audit opinion | Explanation |
|---|---|---|---|---|
| 2019 | Deloitte Taiwan | Ting-Chien Su and Tung-Yun Tseng | Unqualified opinion | Job rotation within the accounting firm |
| 2020 | Deloitte Taiwan | Ting-Chien Su and Tung-Yun Tseng | Unqualified opinion | - |
| 2021 | Deloitte Taiwan | Ting-Chien Su and Tung-Yun Tseng | Unqualified opinion | - |
| 2022 | Deloitte Taiwan | Wegle-L. Liu and Ting-Chien Su | Unqualified opinion | Job rotation within the accounting firm |
| 2023 | Deloitte Taiwan | Wegle-L. Liu and Ting-Chien Su | Unqualified opinion | - |

## II. Financial Analysis for the Last Five Years

### (1) Consolidated financial analysis

| Analysis item \ Year | | Financial Analysis for the Last Five Years (Note 1) | | | | | The current year as of March 31, 2024(Note2) |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Capital Structure (%) | Debts ratio (%) | 26.72 | 31.68 | 24.71 | 21.60 | 17.61 | 23.89 |
| | Long-term fund to property, plant and equipment ratio (%) | 1,229.36 | 1,510.55 | 1,240.44 | 1,332.95 | 1,209.22 | 1183.58 |
| Liquidity Analysis % | Current ratio | 413.88 | 339.14 | 412.77 | 448.58 | 559.86 | 390.97 |
| | Quick ratio | 335.11 | 257.24 | 325.90 | 348.63 | 477.76 | 331.20 |
| | Times interest earned | 534.73 | 797.93 | 295.40 | 836.97 | 880.09 | 683.29 |
| Operating Performance Analysis | Average collection turnover (times) | 7.71 | 6.94 | 5.92 | 5.25 | 4.69 | 4.69 |
| | Days sales outstanding | 47 | 53 | 62 | 70 | 78 | 78 |
| | Average inventory turnover (times) | 4.33 | 4.05 | 4.20 | 3.87 | 4.12 | 4.42 |
| | Average payment turnover (times) | 4.37 | 4.07 | 4.10 | 5.42 | 5.37 | 5.16 |
| | Average inventory turnover days | 84 | 90 | 87 | 94 | 89 | 83 |
| | Property, plant and equipment turnover (times) | 14.80 | 17.07 | 17.55 | 15.02 | 12.09 | 9.01 |
| | Total assets turnover (times) | 1.02 | 0.96 | 1.03 | 0.94 | 0.79 | 0.62 |
| Profitability Analysis | Return on assets (%) | 5.03 | 4.97 | 9.11 | 12.26 | 4.6 | 4.37 |
| | Return on equity (%) | 6.93 | 7.02 | 12.61 | 15.94 | 5.72 | 3.79 |
| | Pre-tax income to paid-in capital ratio (%) | 8.68 | 9.14 | 15.89 | 29.87 | 10.58 | 8.75 |
| | Net Margin (%) | 4.91 | 5.18 | 8.85 | 12.99 | 5.79 | 4.85 |
| | Earnings per share (NT$) | 0.88 | 0.90 | 1.74 | 2.38 | 0.85 | 0.14 |
| Cash flow | Cash flow ratio (%) | 51.62 | 12.05 | 10.00 | 77.53 | 64.24 | 12.58 |
| | Cash flow adequacy ratio (%) | 200.21 | 114.22 | 59.84 | 85.06 | 90.72 | 86.98 |
| | Cash reinvestment ratio (%) | 1.48 | (0.79) | (1.38) | 4.75 | (0.43) | 1.08 |
| Leverage | Operating leverage | 1.60 | 1.29 | 1.16 | 1.11 | 1.3 | 1.30 |
| | Financial leverage | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Reasons for changes in various financial ratios in the last two years. (Analysis is exempt if the change is less than 20%)

1. Current ratio and quick ratio increased were mainly due to the decrease in accounts payable, other payables and income tax liabilities in 2023.
2. Return on assets and return on equity decreased were mainly due to the decrease in net profit after tax in 2023.
3. The ratio of pre-tax net income to paid-in capital, net profit margin and earnings per share decreased were mainly due to the decrease in pre-tax net profit in 2023.
4. Decline in cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activities in 2023 compared with 2022.

Note 1: The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The financial statements for the three months ended March 31, 2024 have not been reviewed by the CPA as of the date of publication of the annual report.

Note 3: Earnings per share for each year was adjusted retroactively.

## (2) Unconsolidated financial analysis

| Analysis item \ Year | | | Financial Analysis for the Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|---|---|
| | | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Capital Structure (%) | Debts ratio (%) | | 26.46 | 31.39 | 25.07 | 22.23 | 18.26 |
| | Long-term fund to property, plant and equipment ratio (%) | | 1,154.02 | 1,414.24 | 1,295.34 | 1345.76 | 1,220.96 |
| Liquidity Analysis % | Current ratio | | 411.27 | 337.13 | 415.09 | 452.11 | 567.00 |
| | Quick ratio | | 332.29 | 255.06 | 328.47 | 352.33 | 484.70 |
| | Times interest earned | | 534.73 | 797.93 | 295.40 | 836.97 | 880.09 |
| Operating Performance Analysis | Average collection turnover (times) | | 7.71 | 6.94 | 5.92 | 5.25 | 4.69 |
| | Days sales outstanding | | 47 | 53 | 62 | 70 | 78 |
| | Average inventory turnover (times) | | 4.33 | 4.05 | 4.20 | 3.87 | 4.12 |
| | Average payment turnover (times) | | 4.37 | 4.07 | 4.10 | 5.42 | 5.37 |
| | Average inventory turnover days | | 84 | 90 | 87 | 94 | 89 |
| | Property, plant and equipment turnover (times) | | 13.97 | 16.07 | 18.41 | 15.32 | 12.09 |
| | Total assets turnover (times) | | 1.03 | 0.96 | 1.02 | 0.94 | 0.82 |
| Profitability Analysis | Return on assets (%) | | 5.05 | 4.99 | 9.08 | 12.18 | 4.74 |
| | Return on equity (%) | | 6.93 | 7.02 | 12.61 | 15.94 | 5.72 |
| | Percentage of paid-in capital (%) | operating profit | 7.47 | 9.11 | 14.01 | 21.78 | 8.88 |
| | | Net income before tax | 8.68 | 9.14 | 15.89 | 29.87 | 10.58 |
| | Net Margin (%) | | 4.91 | 5.18 | 8.85 | 12.99 | 5.79 |
| | Earnings per share (NT$) | | 0.88 | 0.90 | 1.74 | 2.38 | 0.85 |
| Cash flow | Cash flow ratio (%) | | 52.38 | 11.72 | 10.45 | 76.84 | 64.57 |
| | Cash flow adequacy ratio (%) | | 195.78 | 106.81 | 60.38 | 85.02 | 90.55 |
| | Cash reinvestment ratio (%) | | 1.55 | (0.85) | (1.32) | 4.70 | (0.41) |
| Leverage | Operating leverage | | 1.64 | 1.31 | 1.15 | 1.11 | 1.29 |
| | Financial leverage | | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Reasons for changes in various financial ratios in the last two years. (Analysis is exempt if the change is less than 20%)

1. Current ratio and quick ratio increased were mainly due to the decrease in accounts payable, other payables and income tax liabilities in 2023.
2. Return on assets and return on equity decreased were mainly due to the decrease in net profit after tax in 2023.
3. The ratio of operating profit to paid-in capital decreased was mainly due to the decrease in operating net profit in 2023 compared with 2022.
4. The ratio of pre-tax net income to paid-in capital, net profit margin and earnings per share decreased were mainly due to the decrease in pre-tax net profit in 2023.
5. Decline in cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activities in 2023 compared with 2022.

Note 1: The financial information of each year above has been audited and certified by the independent auditor.
Note 2: Earnings per share for each year was adjusted retroactively.

The calculation is shown as follows:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets-inventory-prepaid expenses)/current liabilities
   (3) Times interest earned = net profit before income tax and interest expense/Interest expense in the current period
3. Management capacity
   (1) Turnover rate of receivables (times) (including accounts receivable and notes receivable due to business) turnover rate = net sales/balance of average receivables for each period (including accounts receivable and notes receivable due to business)
   (2) Average cash collection days = 365/turnover rate of receivables
   (3) Inventory turnover rate = cost of goods sold/average inventory value
   (4) Turnover rate of payables (including accounts payable and bills payable due to business) = cost of goods sold/balance of payables for each period (including accounts payable and notes payable due to business)
   (5) Average sales days = 365/inventory turnover rate
   (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment
   (7) Turnover rate of total assets = net sales/total average assets
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets
   (2) Return on equity = after-tax profit and loss/average equity
   (3) Net profit rate = after-tax profit and loss/net sales
   (4) Earnings per share = (net income - preferred stock dividends)/weighted average number of shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities
   (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses)/operating profit (Note 6)
   (2) Financial leverage = operating profit/(operating profit - interest expense)

**III. Audit Committee's Review Report of the Latest Annual Financial Report**

# United Radiant Technology Corporation

## Audit Committee's Review Report

The Company's board of directors submitted the proposed business report, financial statements, and earnings distribution plan for 2023. The financial statements were audited by independent auditors, Li-Wei Liu and Ting-Chien Su, of Deloitte Taiwan., and an independent auditor's report was issued accordingly. The above-mentioned business report, financial statements and earnings distribution plan has been audited by the Audit Committee and did not find any discrepancy. A report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act;
Please verify.

To
2024 Annual General Shareholders' Meeting of
EVERTEX FABRINOLOGY LTD

United Radiant Technology Corporation

Convener of Audit Committee:
Hung-Chu, Hsu

February 23, 2024

**IV. Consolidated Financial Statements and Independent Auditor's Report for the Most Recent Year:** Please see Appendix I (page 123-168)

**V. Parent Company Only Financial Statements and Independent Auditor's Report for the Most Recent Year:** Please see Appendix II (page 169-213)

**VI. If the company and its affiliated companies had any financial difficulties in the most recent year and as of the publication date of the annual report, state the impact on the company's financial status:** None.

# VII. Review and Analysis of Financial Position and Performance and Risk Issues

## I. Consolidated Financial Position

Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof.

## Comparative Analysis of Financial Position

Unit: NT$ thousand

| Item \ Year | December 31, 2023 | December 31, 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 1,548,837 | 1,696,797 | (147,960) | (8.7) |
| Financial assets at fair value through other comprehensive income or loss - non-current | 24,584 | 22,403 | 2,181 | 9.7 |
| Property, plant and equipment | 133,334 | 124,362 | 8,972 | 7.2 |
| Intangible assets | 6,602 | 8,728 | (2,126) | (24.4) |
| Other assets | 175,585 | 183,651 | (8,066) | (4.4) |
| Total assets | 1,888,942 | 2,035,941 | (146,999) | (7.2) |
| Current liabilities | 276,646 | 378,260 | (101,614) | (26.9) |
| Non-current | 56,090 | 61,414 | (5,324) | (8.7) |
| Total liabilities | 332,736 | 439,674 | (106,938) | (24.3) |
| Share capital | 1,063,518 | 1,063,518 | 0 | 0.0 |
| Additional paid-in capital | 37,883 | 17,340 | 20,543 | 118.5 |
| Undistributed earnings | 505,572 | 608,339 | (102,767) | (16.9) |
| Other equity | (50,767) | (92,930) | 42,163 | (45.4) |
| Treasury stock | 0 | 0 | 0 | 0 |
| Non-controlling interests | 0 | 0 | 0 | 0 |
| Total equity | 1,556,206 | 1,596,267 | (40,061) | (2.5) |

Explanation:

1. The decrease in intangible assets was mainly due to the periodic amortization of computer software costs in 2023.
2. The decrease in current liabilities was mainly due to the decrease in accounts payable, other payables and income tax liabilities at the end of 2023.
3. The decrease in total liabilities was mainly due to the decrease in current liabilities.
4. The increase in capital reserve was mainly due to the change in the capital increase recognized by related companies in 2023.
5. The increase in other equity was mainly due to investment in listed stocks and the recovery in fair value at the end of the year is recognized as unrealized appraisal benefits.

## II. Financial Performance

Main reasons for any material change in operating revenues, net operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as measures to be taken in response.

1. Comparative Analysis of Financial Performance

Unit: NT$ thousand

| Item | 2023 | 2022 | Increase (decrease) amount | Change ratio (%) |
|---|---|---|---|---|
| Net operating income | 1,557,823 | 1,948,681 | (390,858) | (20.1) |
| Operating cost | 1,297,570 | 1,538,190 | (240,620) | (15.6) |
| Operating margin | 260,253 | 410,491 | (150,238) | (36.6) |
| Operating expenses | 167,296 | 180,412 | (13,116) | (7.3) |
| Net Operating income | 92,957 | 230,079 | (137,122) | (59.6) |
| Non-operating income and expenditure | 19,566 | 87,589 | (68,023) | (77.7) |
| Net profit before tax of continuing business units | 112,523 | 317,668 | (205,145) | (64.6) |
| Income tax benefits (expenses) | (22,302) | (64,579) | 42,277 | (65.5) |
| Net profit | 90,221 | 253,089 | (162,868) | (64.4) |

Analysis of the change in the increase/decrease ratio:

1. The decrease in operating income was mainly due to the decrease in orders in 2023.
2. The decrease in operating profit was mainly due to the decrease in operating income and gross profit margin in 2023.
3. The decrease in net operating profit was mainly due to the decrease in operating income and gross profit margin in 2023.
4. The decrease in non-operating income tax was mainly due to the increase in foreign currency exchange losses in 2023.
5. The decrease in net profit before tax was mainly due to the decrease in operating income and gross profit margin and the increase in foreign currency exchange losses in 2023.
6. The decrease in income tax expense was mainly due to the decrease in pre-tax net profit in 2023.
7. The decrease in Net profit for this period was mainly due to the decrease in operating income and gross profit margin and the increase in foreign currency exchange losses in 2023.

2. The sales volume forecast and the basis therefor, and the description of the effect upon the Company's financial operations as well as measures to be taken in response:

   The Company's sales for 2023 are based on actual operating conditions, the forecast from the business department on the future economic trend and customer orders, and the basic assumptions on the product development progress and changes in production capacity to estimate the sales volume of each product. The potential effect on the Company's future financial operations is that the increase in new product production will lead to an increase in sales volume, which will require more labor efforts in terms of capacity control schedule. The Company's value of sales volume table is detailed below:

Unit: thousand pcs

| Main Products | Estimated sales volume in 2024 |
|---|---|
| LCD | 1,196 |
| LCM | 3,586 |
| Total | 4,782 |

## III. Review and Analysis of Cash Flow

### (I) Liquidity analysis of the last two years

| Item \ Year | 2023 | 2022 | Percentage of Increase (decrease) % |
|---|---|---|---|
| Cash flow ratio (%) | 64.24 | 77.53 | (17.14) |
| Cash flow adequacy ratio (%) | 90.72 | 85.06 | 6.65 |
| Cash reinvestment ratio (%) | (0.43) | 4.75 | (109.05) |

Analysis of the change in the increase/decrease ratio:
The decrease in cash reinvestment ratio: mainly due to the decrease in net cash inflows from operating activities in 2023 compared to 2022.

### (II) Cash flow analysis for the coming year:

Unit: NT$ thousand

| Beginning cash balance (1) | Annual net cash flow from operating activities (2) | Net cash outflow for full year (3) | Cash surplus (shortage) amount (1)+(2)+(3)= | Remedies for cash shortage | |
|---|---|---|---|---|---|
| | | | | Investment plan | Financial plan |
| $672,793 | $106,673 | -$95,748 | $577,045 | Not applicable | Not applicable |

Explanation:
1. Analysis of cash flow changes for the year (in the upcoming year):
   (A) Operating activities: Operating activities are expected to generate net cash inflows in 2024 as a result of increased working capital from daily operating activities.
   (B) Investing activities: The net cash outflow from investing activities arises from investments in financial assets and ongoing capital expenditures for new technologies, automation and investment projects.
   (C) Financing activities: It is expected that the 2023 dividends will be paid.
2. Expected remedies for cash shortfalls and liquidity analysis: Not applicable.

## IV. Impact of Major Capital Expenditures on Financial Operations in the Last Year

### (I) The utilization of significant capital expenditures in recent years and the sources of funds and the nature of capital expenditures to be invested in the next five years:

Unit: NT$ thousand

| Item | Actual or expected source of funds | Total funds needed | The actual or expected use of funds | | |
|---|---|---|---|---|---|
| | | | 2024 | 2025 | 2026 |
| Production and Plant Equipment | Working Capital | $107,940 | $107,940 | - | - |
| R&D Equipment | Working Capital | 9,400 | 9,400 | - | - |
| Total | | $117,340 | $117,340 | - | - |

**(II) Potential benefits:** In the trend of digitization, creating multiplier value and enhancing efficiency will help maximize the company's efficiency and improve profitability in 2024.

## V. Reinvestment policy in the most recent year, main reason for its profit or loss, improvement plan and investment plan for the next year

### (I) Reinvestment Policy

The Company has established the "Regulations Governing the Financial and Business Matters Between the Group Enterprises, Specified Companies and Related Parties" and established procedures for the management of its subsidiaries in the investment cycle to be followed in future daily transactions with the investees.

### (II) Main reason for its profit or loss, improvement plan and investment plan for the next year

The Company incurred a profit of NT$243 thousand for the year 2023 from its investment in UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. and a loss of NT$755 thousand for the year 2023 from its investment in Bright Yeh Technology (Huizhou) Co., Ltd.

It seems that there is still a need to retain a processing base in the Huizhou, Guangdong, so the Company still maintains its OEM production in Bright Yeh Technology (Huizhou) Co., Ltd. in order to differentiate the demands from different customers.

### (III) Main reasons for the profit or loss of the investment in excess of 5% of the paid-in capital, the plan for improving re-investment profitability, and investment plans for the coming year:

Unit: In thousand NT$ or Foreign currency

| Name of investee | Main businesses | Paid-in capital | Investment gains (losses) recognized in the year |
|---|---|---|---|
| UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules | $ 152,525 (HKD 36,500). | $ 243 |

Investment losses in recent years are mainly attributed to the fact that the production and operation of the investee's business has not reached economic scale. The Company will focus on the growth of its core businesses and continue to provide guidance to its subsidiary to accelerate its profitability goals and to dispose of the related investments that do not meet the economic efficiency and non-core projects accordingly.

## VI. Risks matters and Assessments for the Most Recent Year and up to the Publication Date of the Annual Report

**Finance: Market risk:**

The main financial risks to which the Group is exposed from its operating activities are changes in foreign currency exchange rates and changes in interest rates.

(1) The Group had foreign currency sales and purchases, which exposed the Group to exchange rate risk. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments. The amount of pre-tax income that would be recognized as a result of a 1% change in the New Taiwan dollar exchange rate relative to each foreign currency. The impact on the company's profit and loss from the fluctuation of the exchange rate was NT$4,682 thousand and NT$6,979 thousand in 20223and 2022, respectively.

(2) Interest rate risk: The Group has been exposed to interest rate risk due to the deposits and borrowings at fixed and floating interest rates. According to the sensitivity analysis of interest rate risk, a 1% change in interest rate would result in a change of NT$1,364 thousand and NT$3,297 thousand in pre-tax income for 2023 and 2022, respectively.

**Credit risk:**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets. The credit risk is mainly concentrated in the Group's five largest customers. The accounts receivable from these customers for 2023 and 2022 accounted for 70% and 40% of the total amounts, respectively.

**Liquidity risk:**

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of financing facilities and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities of NT$405,000 thousand respectively.

**Operating Risks:**

We manage property risk, cargo transportation, product liability and other risks to ensure that the relevant departments and plants are fully aware of the risk sources and to eliminate the risks and reduce the potential losses as early as possible. In the future, companies must consider the calculation of carbon costs as well. Therefore, it is important for companies to clarify the carbon tax rules in order to have a better understanding on the actual carbon cost incurred internally, and to manage the carbon cost more effectively in the future.

**Accounting Risk:** Financial Statement Audit and Internal Control of Information Operations

The accounting firm conducts regular information operation audits based on the current information operation system and financial statement auditing requirements, considers risk management and other factors, and conducts risk assessment in the information environment and necessary control tests to evaluate the effectiveness of the company's internal controls over information operations.

**Audit:**

A series of circular audits are conducted to provide risk recommendations and guidance, implement annual audit plans, evaluate the effectiveness in the design and implementation of internal control systems, assist operating units in risk management-based control operations, and report risk assessment and implementation results to the Board of Directors.

**Legal risks:** Contract completeness and validity

Responsible for legal risk assessment, including identifying contract risks and recommending control measures through the contract review process; providing legal advice and recommendations on dispute and intellectual property rights management, etc. The risks that may arise from the completeness and validity of the contract, including the legality of the business, the knowledge of foreign language contracts and foreign laws. We manage the legal risks and do our best to control, adapt and avoid the legal risks effectively. The key to legal risk management is to prevent it in advance.

**Information Risk**

Plan and build the information management system for the Company, and be responsible for managing and protecting the information security of network and system to reduce the risk to the Company's operation and information security. Risks associated with information system security, operation, and backup malfunction, including system failure, crash, data destruction, and security protection or computer virus prevention and management. Specific management measures:

- Account authorization control
- Internal threat prevention: virus and network threat protection, cloud system access control, file operation activity log and email auditing. External threat prevention: Set up a firewall to block external attacks, spam and malicious emails
- Backup data for information systems and operations on a daily basis
- System backup mechanism

**(I) Impact of interest rate and exchange rate changes, and inflation for the most recent year on the company's profit and loss and future countermeasures:**

Unit: NT$ thousand %

| Item \ Year | 2023 |
|---|---|
| Exchange gains | - |
| Exchange losses | 6,223 |
| Net operating income | 1,557,823 |
| Net profit before tax | 112,523 |
| Exchange gains as a percentage of net operating income | - |
| Exchange gain as a percentage of net income before tax | - |
| Exchange losses as a percentage of net operating income | 0.40% |
| Exchange loss as a percentage of net income before tax | 5.53% |
| Interest income | 21,545 |
| Interest income as a percentage of net operating income | 1.38% |
| Interest income as a percentage of net income before tax | 19.15% |
| Interest expense | 128 |
| Interest expense as a percentage of net operating income | 0.01% |
| Interest expense as a percentage of net income before tax | 0.11% |

1. Impact from interest rate changes

   Stronger-than-expected U.S. economic data has prompted the central bank to act more aggressively to curb inflation. High inflation affects the Fed's monetary policy, which will keep interest rates at the peak for a long time, and the monetary policy should not turn loose so quickly. The Company maintains good relationships with its banks which will allow it to secure relatively low-cost capital in the future. The Company is currently using its free cash and bank facilities to expand its operations. The percentage of interest income to net

operating income was 1.38% and the percentage of interest expense to net operating income was 0.01% in the most recent year. The Finance Department will observe the fluctuation of fixed or floating interest rates to hedge the risk arising from the fluctuation of interest rates, therefore, the impact of interest rate fluctuation on the Company is not expected to be significant.

2. Impact from exchange rate changes

Our company's products are mainly sold in Europe and the United States, and are quoted in US dollars. Affected by the strengthening of the international US dollar from 2024 to the present，since the beginning of this year, the exchange rate of the New Taiwan Dollar against the US dollar has depreciated by 4.22%, and the exchange rate trend of the New Taiwan Dollar remains stable. The trend of the U.S. dollar exchange rate is closely related to the changes in the Company's exchange gains and losses.The Company's exchange losses of NT$6,223 thousand accounted for 0.40% of net operating revenues in 2023 as compared to an exchange gains of NT$58,963 thousand accounted for 3.03% of net operating revenues in 2022, mainly due to the appreciation of the New Taiwan dollar rapidly by 4.85% from September to December 2023. in the recent year, which resulted in an exchange gains for the year. In response to the impact from exchange rate fluctuations, the shareholders' meeting approved the Company's "Rules Governing the Acquisition or Disposal of Assets", which allows the Company to engage in derivative transactions up to $20 million. These transactions are used for the future pre-sale of foreign exchange forward. The Company currently makes appropriate hedges based on the estimated foreign exchange rates.

In addition to use foreign currency to do transactions, the Company also adopts general hedging instruments to minimize the impact on profit or loss from exchange rate fluctuations. The Company's specific measures in response to foreign exchange rate fluctuations are as follows:

(1) Use the real-time exchange market information provided by our bank to keep track of the foreign currency exchange rate.
(2) Natural hedge: We use purchase and sales items to make hedges against each other, so that exchange rate fluctuations can have a certain degree of natural hedging effect. In addition, we make adjustments to the difference in time to hedge the exchange rate risk.
(3) We use pre-purchase or pre-sale of foreign exchange forwards to secure the purchase cost or ensure export profits.
(4) We use options to replace foreign exchange forwards to avoid exchange rate fluctuations in order to ensure export profits.

3. Effects of inflation:

The world has been under inflationary pressure, inflation still has a long way to go to hit Fed's 2% target. Taiwan's Consumer Price (CPI) Comptroller's Office announced that in February, without taking into account the impact of the electricity price increase, the CPI for the whole year is forecast to rise by 1.85%. In addition, taking into account the impact of the central bank's half-digit interest rate hike and the electricity price increase in April, the forecast In 2013, the CPI will increase by 2.03%, an increase of more than 2% for three consecutive years, but the increase is expected to continue to shrink.The inflation rate is expected to increase and inflationary pressure is rising. The effect on the Company's profit or loss: The increase in raw material prices and wages has increased the Company's cost of goods sold and administrative costs.

**(II) Policies for engaging in high-risk or high-leverage investments, loans to others, endorsement guarantees, and derivatives trading, main reasons for profit or loss, and future countermeasures**

1. The Company did not engage in high-risk and highly leveraged investments.
2. The Company's strategy for derivative transactions has always followed the Article 11 "Procedures for the Acquisition or Disposal of Derivative Transactions" under the "Regulations Governing the Acquisition or Disposal of Assets" as the implementation policy.
3. The endorsement and guarantee of the Company are strictly for the Company's own general business and shall be in accordance with the "Regulations for the Implementation of Endorsement and Guarantee".
4. The Company always follows the "Procedures for the Lending of Funds to Others" when it engages in funding to others' activities. The Company's lending of funds to others for the most recent year was as follows: As of December 31, 2022, the balance of NT$25,590 thousand was the other receivables from UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.

**(III) Future R&D plans and estimated R&D expenses**

Our R&D activities continue to focus on the development of various optoelectronics-related products, including high color saturation display modules, hovering touch, EWD and other new products, as well as various customized LCD modules and TP modules. The following table summarizes the R&D expense in 2023 and the 2024 estimated R&D expense as a percentage of revenues:

Unit: NT$ thousand; %

| Year | R&D expenses | Percentage to operating revenue (%) |
|---|---|---|
| 2023 | 35,113 | 2.25 |
| 2024 | 37,749 | 2.10 |
| The current year as of March 31 | 8,546 | 2.87 |

| Future R&D Plan | Estimated R&D Expense |
|---|---|
| 1. Dye doped LC panels for smart lighting in automotive applications | Equipment expense, labor expense, and too and jig expenses |
| 2. Optical lamination process for medium and large size panels | Equipment expense, labor expense, and too and jig expenses |
| 3. Highly durable display modules | Equipment expense, labor expense, and too and jig expenses |
| 4. Color EWD with TFT backplane | Equipment expense, labor expense, and too and jig expenses |
| 5. System board and signal converter board | Equipment expense, labor expense, and too and jig expenses |
| 6. Manufacturing process of ultra-thin glass panels and modules. | Equipment expense, labor expense, and too and jig expenses |
| 7. Switchable privacy panel | Equipment expense, labor expense, and too and jig expenses |

**(IV) Impact of important domestic or foreign policies and legal changes on the company's financial operations and corresponding measures**

Impact of important domestic or foreign policies and legal changes on the company's financial operations:

The Company mainly sells its products in the Americas and Europe, where the laws and major policies are more stable than other countries. However, recently the geopolitical risks have increased due to the U.S. and European countries' economic sanctions to Russia as a result of Russia's invasion in Ukraine. The Company conduct its business in accordance with important domestic and foreign policies and laws, and is always aware of the changes in important domestic and foreign policies and laws, as well as taking appropriate measures to respond to the changes, so there is no material impact on the Company.

**(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:**

1. Effect on the company's financial operations of developments in science and technology
   (1) People's lifestyle continues to improve, and LCD product applications are expanding rapidly when the economy gets better, all these factors have made LCD product applications become an important indicator of whether our society is modern.
   (2) As consumers' expectations for image quality have become more demanding in recent years, various display manufacturing technologies have been introduced in the market to meet market demands. We are actively expanding our capacitive touch panel business and integrating the safety features in our vehicle products in order to respond to the highly competitive display market in the future.
2. Countermeasures
   (1) We actively integrate upstream, midstream and downstream supply chains for production and marketing, and engage in strategic alliances with other tech companies in the supply chain to reduce production and marketing costs, to secure reasonable profitability and strengthen competitive advantages, and to reduce overall operational risks.
   (2) We keep watch on business, technology and industry reports through periodicals and internet information, and regularly send our staff to participate in exhibitions, technology seminars, conferences and overseas training. The Company pays close attention to the changes in technology related to the industry and keeps track of the market trends.

**(VI) Impact of corporate image changes on corporate crisis management and countermeasures**

1. Our company's corporate image is based on the management philosophy of "stable growth, practical management, customer service, employee care, return to shareholders, and social responsibility".
2. Establish internal control and internal audit procedures in accordance with the regulations set by the competent authority to control risks and prevent the crisis from occurring.
3. The Company has conducted its business under steady management. We have appointed a professional accounting firm with credibility to audit all accounts and disclose relevant information to improve the financial statement transparency.
4. We always aim to improve customer satisfaction, insist on producing high quality products and providing best reasonable price to our customers, and strictly adhere to on-time delivery to ensure perfect after-sales service.

**(VII) Expected benefits and possible risks associated with any merger and acquisitions:**
The Company currently has no plans to engage in mergers and acquisitions.

**(VIII) Expected benefits and possible risks concerning plant expansion:** Not applicable.

**(IX) Risks from the concentration of purchase or sales**
The revenue from the Company's top 1 customer accounted for 39.02% of total sales. Most of the main raw materials have more than two suppliers to ensure that the supply source is secure. The Company is actively seeking new customers and strives to diversify its product range. Therefore, there is no concentration and risk associated with sales and purchases.

**(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:**
As of the date of publication of the annual report, there was no significant transfer of ownership by the directors or substantial shareholders holding more than 10% of the shares of the Company.

**(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:**
The Company has strengthened its corporate governance measures, established a comprehensive internal control system, and set up independent directors, an audit committee, and a remuneration committee for the purpose of overseeing the management team's business execution on behalf of shareholders, in order to protect shareholders' rights and interests. Therefore, the change in the control of the Company's business should not have a significant impact or risk on the Company.

**(XII) If there are major litigation, non-litigation or administrative disputes that the company's directors, supervisors, president, substantive persons in charge, major shareholders with more than 10% shareholding or subsidiary companies have been sentenced or are currently undergoing:**
**Counterparty:** Bo Yi Electronics Company in Bo Luo County, Guang Dong Province.
**Pending litigious and non-litigious matters:** There is a dispute between UNITED RADIANT TECHNOLOGY(URT) (H.K.) Co., Ltd. and Bo Yi (BY)Electronics Co. in Bo Luo County, Guang Dong, China over the land use right and the property on the ground. The land is located in Chizhukeng Area of Tangquan Forestry Farm, Luoyang Town, Luo County, Guangdong Province, with a total area of 16,667 square meters, of which URT(H.K.) has an equity interest of 7,000 sq.m. (approximately 42%) and BY Electronics Co. has an equity interest of 9,667 sq.m. (approximately 58%), and the state-owned land use certificate and real estate title certificate are registered under the name of BY Electronics Co. In order to protect the rights and interests of the Company, URT(HK) decided to resolve the dispute through legal proceedings, and has engaged a lawyer to handle the dispute, which was remanded to the local intermediate people's court for retrial in Decemer 2021, in June 2023, the court rejected the request of URT(H K). Therefore, URT(HK) appealed to the High People's Court in July 2023. However, the two parties signed a settlement agreement on November 27, 2023, and are required to fulfill confidentiality obligations regarding this agreement. The merger company assessment has no significant impact on the operations of URT(HK).

**(XIII) Other important risks:** None.

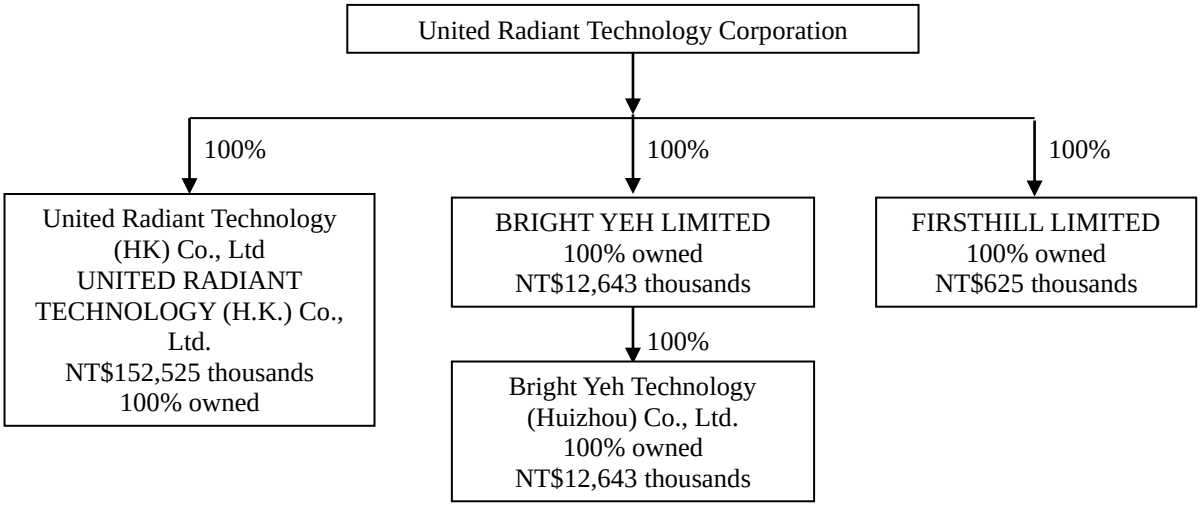
**VII. Oher Important Matters:** None.

# VIII. Special Items To Be Included

## I. Information of Affiliated Enterprises

### (I) Consolidated business report of affiliated enterprises:

1. Affiliates Chart: (As of December 31, 2023) Unit: NT$ thousand




2. Shareholdings, shares and actual investment amounts

December 31, 2023

Unit: share; in thousand dollars

| Name | Relationship with the Company | Shareholding ratio | | Number of shares held | | Investment amount | |
|---|---|---|---|---|---|---|---|
| | | Percentage of the Company's ownership of the subsidiary | Percentage of subsidiary's ownership of the Company | Number of shares of the subsidiary held by the Company | Number of shares of the Company held by the subsidiary | Amount invested by the Company in the subsidiary | Amount invested by the subsidiary in the Company |
| United Radiant Technology (HK) Co., Ltd | The Company holds more than 50% of the voting shares or invested more than 50% of the capital of the entity | 100% | – | 36,495,000 | – | 152,525 | – |
| FIRSTHILL LIMITED | The Company holds more than 50% of the voting shares or invested more than 50% of the capital of the entity | 100% | – | 197,414 | – | 625 | – |
| BRIGHT YEH LIMITED | The Company holds more than 50% of the voting shares or invested more than 50% of the capital of the entity | 100% | – | 2,000 | – | 12,643 | – |

3. Basic information of affiliated enterprises:

December 31, 2023

| Company name | Date of establishment | Address | Paid-in capital | Scope of business/production |
|---|---|---|---|---|
| UNITED RADIANT TECHNOLOGY (HK) CO., LTD | 1994.10.27 | Workshop B 12/F V GA Bldg 532 Castle Peak Rd. | HKD36.5 million | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules |
| FIRSTHILL LIMITED | 2006.02.27 | 3rd Floor,Omar Hodge Building,Wickhams CayI,P.O.Box 362 Road Town ,Tortola,B.V.I | USD197 thousand | Investment |
| BRIGHT YEH LIMITED | 2014.04.25 | P.O. Box 362, PORTCULLIS TRUSTNET CHAMBERS 4TH FLOOR ELLEN SKELTON BUILDING 3076 SIR FRANCIS DRAKE HIGHWAY ROAD TOWN, TORTOLABRITISH VIRGIN ISLANDS VG1110 | USD400 thousand | Investment |
| Bright Yeh Technology (Huizhou) Co., Ltd. | 2014.07.15 | No.695, East Bo Luo Boulevard, Bo Luo County, Huizhou City, Guang Dong Province | USD400 thousand | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules |

4. Information of the same shareholders of entities which are presumed to have control and subordination relationship: None.

5. The key businesses of the overall affiliates and a description of the mutual dealings and division of work among them

(1) Scope of Business of Affiliates

| Name of Affiliates | Scope of Business |
|---|---|
| UNITED RADIANT TECHNOLOGY (HK) CO., LTD | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules |
| FIRSTHILL LIMITED | Investment |
| BRIGHT YEH LIMITED | Investment |
| Bright Yeh Technology (Huizhou) Co., Ltd. | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules |

(2) The businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates

At present, there is still a critical mass in the LCD module industry in Guangdong, China. To keep up with future customer demand, there seems to be a need to retain a processing base in Huizhou, Guangdong. Investment in to maintain the OEM production operation in order to differentiate the needs for different customers.

6. Information on directors, supervisors and presidents of affiliated enterprises:

Unit: share

| Company name | Job title | Name or representative | Number of shares held | |
|---|---|---|---|---|
| | | | Number of shares | Shareholding ratio |
| UNITED RADIANT TECHNOLOGY (HK) CO., LTD. | Director | United Radiant Technology Corporation | 36,495,000 | 99.99% |
| | | Yao-Min, Wang | - | - |
| | Director | United Radiant Technology Corporation | - | - |
| | | Li-Hung, Chen | - | - |
| FIRSTHILL LIMITED | Director | United Radiant Technology Corporation | 197,414 | 100% |
| | | Chiu Rang, Yeh and Yao-Min, Wang | - | - |
| BRIGHT YEH IMITED | Director | United Radiant Technology Corporation | 2,000 | 100% |
| | | Chiu Rang, Yeh and Yao-Min, Wang | - | - |
| Bright Yeh Technology (Huizhou) Co., Ltd. | Chairman<br>Director<br>Director<br>Supervisor | BRIGHT YEH LIMITED | 1,000,000 | 100% |
| | | Chiu Rang, Yeh<br>Yao-Min, Wang<br>Li-Hung, Chen<br>Yiwei, Lin | - | - |

7. Operation Overview and Financial Performance of Affiliates - Operation Overview of Affiliates

December 31, 2023

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

| Company name | Capital | Total assets | Total liabilities | Net worth | Operating income | Operating profit (loss) | Profit (loss) for the year | Loss per share (after tax) |
|---|---|---|---|---|---|---|---|---|
| UNITED RADIANT TECHNOLOGY (HK) CO., LTD | 152,525 | 10,295 | 25,959 | (15,664) | - | 243 | 243 | 0.0066 |
| FIRSTHILL LIMITED | 625 | 9,479 | - | 9,479 | - | 433 | 433 | 2.20 |
| BRIGHT YEH LIMITED | 12,643 | 59 | 3 | 56 | - | (755) | (755) | (377.5) |
| Bright Yeh Technology (Huizhou) Co., Ltd. | 12,643 | 59 | 3 | 56 | - | (755) | (755) | (0.76) |

**(II) Consolidated financial statements of affiliated enterprises:** Please refer to VI. (VI) Financial Position

**(III) Relationship report:** Not applicable.

**II. Handling of private placement securities in the last year and as of the date of publication of the annual report:** None.

**III. Status of holding or disposal of the company's shares by subsidiaries in the last year and as of the date of publication of the annual report:** None.

**IV. Other necessary supplementary explanations:** None.

**V. In the most recent year and as of the date of publication of the annual report, if there is any matter that has a significant impact on shareholders' rights and interests or the price of securities as specified in subparagraph 2, paragraph 3, Article 36 of the Regulations Governing Information to be Published in Annual Reports of Public Companies:** None.

**Appendix I.**

**Consolidated Financial Statements and Independent Auditor's Report for the Most Recent Year**

# REPRESENTATION LETTER

Pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, as of and for the year ended December 31, 2023, the Company that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared, provided that a statement to that effect is made and presented on the front page of the consolidated financial report.

Very truly yours,

United Radiant Technology Corporation and Subsidiaries

Mon-Han, Wu

February 27, 2024

## Independent Auditor's Report

To the Board of directors of United Radiant Technology Corporation:

**Audit opinion**

We have audited the accompanying consolidated financial statements of United Radiant Technology Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matters**

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

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Validity of Specific Customer's Revenue Recognition

The Group's main revenue comes from export sales, including sales to Europe and the Americas. The revenue from some of these customers has grown significantly compared to the previous year, and the transaction amounts of these customers are significant to the overall revenue. May have a material impact on the financial performance of the Fnetlink Group; therefore, we have considered the validity of specific customers' revenue recognition of specific customers as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4 of the Consolidated Financial Statements.

Our audit procedures related to the key audit matter described above are as follows:

1. We understood the related internal control and operating procedures in the sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the internal control and operating procedures.
2. We selected samples from the sales details from specific customers, examined the shipping documents and export declarations, and checked whether the invoice recipient was the same as the shipment recipient to confirm the validity of the sales revenue.

**Other Matters**

We have also audited the parent company only financial statements of United Radiant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the propriety of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

Deloitte Taiwan

CPA Dli-Wei Liu

CPA Ting-Chien Su

Approval Document Number of Financial SupervisoryCommission
Jin Guan Zheng Sheng Zi No. 1110348898

Approval Document Number of Financial SupervisoryCommission
Jin Guan Zheng Sheng Zi No. 1070323246

February 27, 2024

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Balance Sheets**
**As of December 31 in 2023 and 2022**

Unit: NT$ thousand

| Code | ASSET | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | $ 672,793 | 36 | $ 722,610 | 36 |
| 1120 | Financial assets at fair value through other comprehensive income or loss - current (Notes 4 and 7) | 384,305 | 20 | 344,345 | 17 |
| 1136 | Financial assets at amortized cost - current (Notes 4, 8 and 26) | 13,000 | 1 | 13,000 | 1 |
| 1170 | Accounts receivable, net (Notes 4, 9,19 and 25) | 244,512 | 13 | 231,417 | 11 |
| 1200 | Other receivables, net (Notes 4 and 25) | 5,412 | - | 4,771 | - |
| 1310 | Inventories (Notes 4 and 10) | 222,166 | 12 | 375,079 | 18 |
| 1410 | Prepayments | 4,970 | - | 2,999 | - |
| 1470 | Other current assets (Note 19 and 25) | 1,679 | - | 2,576 | - |
| 11XX | Total current assets | 1,548,837 | 82 | 1,696,797 | 83 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income or loss - non-current (Notes 4 and 7) | 24,584 | 1 | 22,403 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 4 and 12) | 43,173 | 2 | 24,185 | 1 |
| 1600 | Property, plant and equipment (Notes 4, 13 and 28) | 133,334 | 7 | 124,362 | 6 |
| 1755 | Right-of-use assets (Notes 4, 14 and 28) | 7,222 | 1 | 15,441 | 1 |
| 1780 | Intangible assets (Notes 4 and 15) | 6,602 | - | 8,728 | 1 |
| 1840 | Deferred income tax assets (Notes 4 and 21) | 20,396 | 1 | 17,513 | 1 |
| 1915 | Prepayments for business facilities | 8,030 | 1 | 17,979 | 1 |
| 1920 | Refundable deposits (Notes 4 ) | 2,225 | - | 1,409 | - |
| 1932 | Long-term accounts receivable (Notes 4, 9 and 19) | 80,004 | 4 | 101,506 | 5 |
| 1990 | Other non-current assets (Note 19) | 14,535 | 1 | 5,618 | - |
| 15XX | Total non-current assets | 340,105 | 18 | 339,144 | 17 |
| 1XXX | Total Assets | $ 1,888,942 | 100 | $ 2,035,941 | 100 |

(Continued)

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Balance Sheets**
**As of December 31 in 2023 and 2022**

Unit: NT$ thousand

| Code | LIABILITIES AND EQUITY | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current liabilities | | | | |
| 2130 | Contract liabilities - current (Notes 4 , 19 and 25 | $ 22,422 | 1 | $ 24,586 | 1 |
| 2150 | Notes payable | 101 | - | 990 | - |
| 2170 | Accounts payable | 131,593 | 7 | 163,043 | 8 |
| 2180 | Accounts payable - related party (Note 25) | 12,051 | 1 | 12,051 | 1 |
| 2200 | Other payables (Notes 16 and 25) | 79,048 | 4 | 118,237 | 6 |
| 2230 | Income tax liabilities for the period (Notes 4 ) | 25,977 | 2 | 57,002 | 3 |
| 2280 | Lease liabilities - current (Notes 4 and 14) | 1,626 | - | 833 | - |
| 2399 | Other current liabilities | 3,828 | - | 1,518 | - |
| 21XX | Total current liabilities | 276,646 | 15 | 378,260 | 19 |
| | Non-current | | | | |
| 2527 | Contract liabilities - non-current (Notes 4 and 19) | 4,753 | - | 6,168 | - |
| 2570 | Deferred tax liabilities (Notes 4 and 21) | - | - | 3,039 | - |
| 2580 | Lease liabilities - non-current (Notes 4 and 14) | 5,769 | - | 5,129 | - |
| 2640 | Net defined benefit liability - non-current (Notes 4 and 17) | 35,280 | 2 | 36,787 | 2 |
| 2645 | Guarantee deposits (Note 26) | 10,288 | 1 | 10,291 | 1 |
| 25XX | Total non-current liabilities | 56,090 | 3 | 61,414 | 3 |
| 2XXX | Total liabilities | 332,736 | 18 | 439,674 | 22 |
| | Equity attributable to shareholders of the Company | | | | |
| 3110 | Common shares | 1,063,518 | 56 | 1,063,518 | 52 |
| 3200 | Capital surplus | 37,883 | 2 | 17,340 | 1 |
| | Retained earnings | | | | |
| 3310 | Statutory reserves | 144,373 | 8 | 116,254 | 6 |
| 3320 | Special reserve | 92,930 | 5 | - | - |
| 3350 | Undistributed earnings | 268,269 | 14 | 492,085 | 24 |
| 3400 | Other equity | ( 50,767) | ( 3) | ( 92,930) | ( 5) |
| 3XXX | Total equity | 1,556,206 | 82 | 1,596,267 | 78 |
| | Total Liabilities and Equity | $1,888,942 | 100 | $2,035,941 | 100 |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Statements of Comprehensive Income**
**For the Years Ended December 31, 2023 and 2022**

In Thousands of New Taiwan Dollars, Except Earnings Per Share

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | Operating revenue (Notes 4,19 and 26) | $ 1,557,823 | 100 | $ 1,948,681 | 100 |
| 5000 | Operating costs (Notes 11 and 20) | 1,297,570 | 83 | 1,538,190 | 79 |
| 5900 | Operating margin | 260,253 | 17 | 410,491 | 21 |
| | Operating expenses (Note 20) | | | | |
| 6100 | Selling expenses | 39,214 | 3 | 36,900 | 2 |
| 6200 | General and administrative expenses | 90,737 | 6 | 102,709 | 5 |
| 6300 | Research & development expenses | 35,112 | 2 | 40,975 | 2 |
| 6450 | Expected credit impairment benefit(Notes 4 and 9) | 2,233 | - | | ( |
| 6000 | Total operating expenses | 167,296 | 11 | 180,412 | 9 |
| 6900 | Net Operating income | 92,957 | 6 | 230,079 | 12 |
| | Non-operating income and expenditure(Note 4) | | | | |
| 7010 | Other income(Notes 20 and 25) | 14,424 | 1 | 30,521 | 1 |
| 7020 | Other profits and losses (Note 20) | ( 4,720 ) | - | 59,533 | 3 |
| 7050 | Interest expenses | ( 128 ) | - | ( 380 ) | - |
| 7060 | Profit and loss share of related companies recognized using the equity method (Note 12) | ( 11,555 ) | ( 1 ) | ( 5,815 ) | - |
| 7100 | Interest income | 21,545 | 1 | 8,696 | - |
| 7670 | Impairment losses (Note 13) | - | - | ( 4,966 ) | - |
| 7000 | Total non-operating income and expenditure | 19,566 | 1 | 87,589 | 4 |
| 7900 | Net profit before tax | $ 112,523 | 7 | 317,668 | 16 |

(Continued)

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Statements of Comprehensive Income**
**For the Years Ended December 31, 2023 and 2022**

In Thousands of New Taiwan Dollars, Except Earnings Per Share

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 7950 | Income tax gains (expenses) (Notes 4 and 21) | ( 22,302) | ( 1) | ( 64,579) | ( 3) |
| 8200 | NET INCOME | 90,221 | 6 | 253,089 | 13 |
| | Other comprehensive income(Notes 4) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit obligation (Note 17) | ( 1,555) | - | 21,188 | 1 |
| 8316 | Unrealized gain on investments in equity instruments at fair value through other comprehensive income or loss | 42,141 | 2 | ( 119,672) | ( 6) |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | 22 | - | ( 263) | - |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | 40,608 | 2 | ( 98,747) | ( 5) |
| 8500 | Total comprehensive income (loss) | $ 130,829 | 8 | $ 154,342 | 8 |
| | Earnings per share (Note 22) | | | | |
| 9750 | Basic | $ 0.85 | | $ 2.38 | |
| 9850 | Diluted | $ 0.84 | | $ 2.34 | |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Statements of Changes In Equity**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| Code | | Equity attributable to shareholders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings (Note 18) | | | Other equity (Note 4) | | | |
| | | Common shares (Note 18) | Capital surplus (Note 4 and 18) | Legal reserve | Special reserve | Undistributed earnings (Notes 7 and 17) | Exchange differences arising on translation of foreign operations | Financial assets at fair value through other comprehensive income Unrealized gain or loss (Note 7) | Treasury stock | Total equity |
| A1 | Balance, January 1, 2022 | 1,063,518 | 17,340 | 93,873 | 24,351 | 347,181 | 5,238 | 28,681 | - | 1,580,182 |
| | Distribution of 2021 earnings | | | | | | | | | |
| B1 | Statutory reserves | - | - | 22,381 | - | ( 22,381) | - | - | - | - |
| B3 | Reversal of special surplus reserve | - | - | - | ( 24,351) | 24,351 | - | - | - | - |
| B5 | Cash dividends to the shareholders of the Company | - | - | - | - | ( 138,257) | - | - | - | ( 138,257 ) |
| D1 | Net income in 2022 | - | - | - | - | 253,089 | - | - | - | 253,089 |
| D3 | Other comprehensive income (loss) in 2022 | - | - | - | - | 21,188 | ( 263) | ( 119,672) | - | ( 98,747) |
| D5 | Total comprehensive income (loss) in 2022 | - | - | - | - | 274,277 | ( 263) | ( 119,672) | - | 154,342 |
| Q1 | Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 6,914 | - | ( 6,914 ) | - | - |
| Z1 | Balance, December 31, 2022 | $1,063,518 | $ 17,340 | $116,254 | $ - | $ 492,085 | $ 4,975 | ($ 97,905) | $ - | $ 1,596,267 |
| | Distribution of 2022 earnings | | | | | | | | | |
| B1 | Statutory reserves | - | - | 28,119 | - | ( 28,119) | - | - | - | - |
| B3 | Special reserve | - | - | - | 92,930 | ( 92,930) | - | - | - | - |
| B5 | Cash dividends to the shareholders of the Company | - | - | - | - | ( 191,433) | - | - | - | ( 191,433 ) |
| D1 | Net income in 2023 | - | - | - | - | 90,221 | - | - | - | 90,221 |
| D3 | Other comprehensive income (loss) in 2023 | - | - | - | - | ( 1,555) | 22 | 42,141 | - | 40,608 |
| D5 | Total comprehensive income (loss) in 2023 | - | - | - | - | 88,666 | 22 | 42,141 | - | 130,829 |
| C7 | Changes in related enterprises recognized using the equity method | - | 20,543 | - | - | - | - | - | - | 20,543 |
| Z1 | Balance, December 31, 2023 | $1,063,518 | $ 37,883 | $144,373 | $ 92,930 | $ 268,269 | $ 4,997 | ($ 55,764 ) | $ - | $ 1,556,206 |

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

Chairman: Mon-Han, Wu  Manager: Chien Wen, Yeh  Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A10000 | Income before income tax | $ 112,523 | $317,668 |
| A20010 | Adjustments to reconcile profit (loss) | | |
| A20100 | Depreciation expense | 24,309 | 22,459 |
| A20200 | Amortization expense | 3,485 | 3,083 |
| A20300 | Expected credit losses (reversal) | 2,233 | ( 172 ) |
| A20900 | Interest expense | 128 | 380 |
| A21200 | Interest income | ( 21,545 ) | ( 8,696 ) |
| A21300 | Dividend income | ( 7,834 ) | ( 18,941 ) |
| A22300 | Profit and loss share of related companies recognized using the equity method | 11,555 | 5,815 |
| A22500 | Gain on disposal of property, plant and equipment | ( 1,503 ) | ( 570 ) |
| A23700 | Impairment losses | - | 4,966 |
| A23800 | Impairment loss on non-financial assets | 14,917 | 10,147 |
| A24100 | Unrealized foreign currency exchange losses (gains) | 4,876 | ( 1,331 ) |
| A29900 | Other income | ( 778 ) | ( 1,353 ) |
| A30000 | Changes in operating assets and liabilities: | | |
| A31150 | Accounts receivable | 1,706 | 66,616 |
| A31180 | Other receivables | ( 2,908 ) | ( 1,781 ) |
| A31200 | Inventories | 137,996 | ( 23,030 ) |
| A31230 | Prepayments | ( 1,971 ) | 2,083 |
| A31240 | Other current assets | 2,181 | 805 |
| A32125 | Contract liabilities | ( 3,233 ) | ( 6,574 ) |
| A32130 | Notes payable | ( 889 ) | ( 317 ) |
| A32150 | Accounts payable | ( 29,198 ) | ( 97,636 ) |
| A32180 | Other payables | ( 37,712 ) | 15,083 |
| A32230 | Other current liabilities | 2,314 | ( 922 ) |
| A32240 | Net defined benefit liability | ( 3,451 ) | ( 8,777 ) |
| A33000 | Cash inflow generated from operations | 207,201 | 279,005 |
| A33100 | Receipt of interest | 21,539 | 7,907 |
| A33200 | Receipt of dividends | 7,834 | 18,941 |
| A33300 | Interest paid | ( 128 ) | ( 380 ) |
| A33500 | Refunded Income tax paid | ( 58,860 ) | ( 12,222 ) |
| AAAA | Net cash flows from operating activities | 177,586 | 293,251 |

(Continued)

**United Radiant Technology Corporation and Subsidiaries**
**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities | | |
| B00010 | Acquisition of financial assets at fair value through other comprehensive income or loss | $ - | ( 84,136 ) |
| B00020 | Proceed from disposal of financial assets at fair value through other comprehensive income or loss | - | 27,005 |
| B00040 | Acquisition of financial assets at amortized cost | ( 13,000 ) | ( 513,073 ) |
| B00050 | Disposal of financial assets at amortized cost | 13,000 | 513,073 |
| B01800 | Acquisition of investments using the equity method | ( 10,000 ) | ( 30,000 ) |
| B02700 | Acquisition of property, plant and equipment | ( 19,972 ) | ( 4,605 ) |
| B02800 | Proceed from disposal of property, plant and equipment | 667 | 993 |
| B03700 | Refundable deposits paid | ( 1,077 ) | ( 287 ) |
| B03800 | Refundable deposits refunded | 261 | 7,890 |
| B04500 | Acquisition of intangible assets | ( 1,359 ) | ( 1,557 ) |
| B07100 | Increase in prepayments for business facilities | ( 3,167 ) | ( 20,892 ) |
| BBBB | Net cash used in investing activities | ( 34,647 ) | ( 105,589 ) |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term bank borrowings | 644 | 202,241 |
| C00200 | Decrease in short-term bank borrowings | ( 644 ) | ( 202,241 ) |
| C03000 | Guarantee deposits received | - | 9 |
| C03100 | Guarantee deposits refunded | ( 3 ) | - |
| C04020 | Repayment of principal portion of lease liabilities | ( 1,365 ) | ( 818 ) |
| C04500 | Cash dividend paid | ( 191,433 ) | ( 138,257 ) |
| CCCC | Net cash used in financing activities | ( 192,801 ) | ( 139,066 ) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | 45 | ( 1,625 ) |
| EEEE | Net decrease in cash and cash equivalents | ( 49,817 ) | 46,971 |
| E00100 | Cash and cash equivalents, beginning of year | 722,610 | 675,639 |
| E00200 | Cash and cash equivalents, end of year | $672,793 | $ 722,610 |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

## I. Company History:

United Radiant Technology Corporation (hereinafter referred to as "the Company") was established in June 1990. The Company is engaged in the manufacture, processing and sale of all kinds of liquid crystal displays (LCDs) and their modules.

The Company's shares were approved for listing on the Taipei Exchanges (OTC) by Securities and Futures Commission (now the Securities and Futures Bureau of the Financial Supervisory Commission) in August 1996.

These consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

## II. Approval Date and Procedures of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved by the Board of Directors on February 23, 2024.

## III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group’s accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2024

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB(Note 1) |
|---|---|
| Amendment to IFRS 16 “Lease Liabilities in Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of liabilities as current or non-current" | January 1, 2024 |
| Amendments to IAS 1 “Non-current liabilities with contractual terms” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements" | January 1, 2024 (Note 3) |

Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective date.

Note 2: The seller and lessee should retroactively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after 16 days of initial application of IFRS.

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the amendments of other standards and interpretations have no material impact on the Group’s financial positions and financial performance.

(III) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17). | January 1, 2023 |
| Amendment to IAS 21 “Lack of Convertibility” | January 1, 2025(Note 2) |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date the financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose relevant impact when the assessment is completed.

## IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

(II) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held for trading purposes;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Income and expenses

of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

Please refer to Note 11, Table 4 and Table 5 for more information on subsidiaries, percentage of ownership and main businesses.

(V) Foreign currencies

When each entity prepares its financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries operating in countries or currencies different from those of the Company) are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income, and attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

(VI) Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost. Inventories are recorded at weighted-average cost on the balance sheet date.

(VII) Investing in affiliated companies

Have significant influence on the merged company, but are not subsidiaries or joint ventures.

The merged company adopts the equity method for investing in affiliated companies.

Under the equity method, an investment in an affiliated enterprise is initially recognized at cost, and the book value after acquisition will increase or decrease with the combined company's share of the affiliated enterprise's profit or loss, other comprehensive profit or loss, and profit distribution. In addition, changes in the rights and interests of related companies that the merged company can enjoy are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of the affiliated company enjoyed by the merged company on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized; The excess of the share of the net fair value of the identifiable assets and liabilities of the affiliated enterprise over the acquisition cost is included in the current year's profit or loss.

When an affiliated company issues new shares, if the merging company does not subscribe in accordance with the shareholding ratio, resulting in a change in the shareholding ratio, and thus resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve - the equity method shall be used to recognize the related party Changes in the net value of corporate equity and investments using the equity method. However, if the ownership interest in the affiliated enterprise is reduced by not subscribing or obtaining it according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the affiliated enterprise will be reclassified according to the reduction ratio, and the basis of accounting treatment is related to the affiliated enterprise If the basis for directly disposing of related assets or liabilities is the same; if the adjustment in the preceding paragraph should be debited to the capital reserve, and if the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus.

When the merging company's loss share of the affiliated enterprise is equal to or exceeds its equity in the affiliated enterprise (including the book value of the investment in the affiliated enterprise under the equity method and other long-term interests that are substantially part of the merging company's net investment in the affiliated enterprise) , which ceases to recognize further losses. The merged company recognizes additional losses and liabilities only within the scope of statutory obligations, constructive obligations or payments made on behalf of related companies.

When the consolidated company assesses the impairment, it regards the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount with the book value to conduct an impairment test. The recognized impairment loss is not apportioned to the components that constitute the investment book amount any assets, including goodwill. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

The merged company ceases to adopt the equity method on the date when its investment ceases to be an affiliated enterprise, and its retained interests in the original affiliated enterprise shall be measured at fair value. included in the profit and loss for the year. In addition, all amounts related to the affiliated enterprise recognized in other comprehensive profit or loss are accounted for on the same basis as would be required if the affiliated enterprise directly disposes of the related assets or liabilities. If the investment in an affiliated enterprise becomes an investment in a joint venture, or if the investment in a joint venture becomes an investment in an affiliated enterprise, the consolidated company continues to use the equity method without re-measurement of the

retained interest.

Gains and losses arising from upstream, downstream, and sidestream transactions between the merged company and affiliated companies are recognized in the consolidated financial report only to the extent that they are not related to the merged company's rights and interests in the affiliated compa

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and begin to be depreciated when completed .

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

(X) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right - of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XI) Financial instrument

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial

assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Category of financial assets and measurement

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, long-term receivables, overdue receivables, refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's rights clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss (ECL) is recognized for financial assets at amortized cost (including accounts receivable and overdue receivables).

The loss allowance for accounts receivable and overdue receivables is measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. When a financial asset is due longer than the collection period as stated in the contract, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities incurred) is recognized in profit or loss.

(XII) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For a contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Revenue from the sale of goods

Revenue from sales of goods is mainly generated from sales of LCD modules and LCD products. Revenue and accounts receivable are recognized when the customer has control over the committed assets, and the prepayment for sales of goods is recognized as a contract liability.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

2. Construction revenue

The Group is engaged in the contracting business of LED street lighting projects. Since the assets are under the control of the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the completion of the construction contracts. The Group provides standard warranties that are in compliance with the agreed specifications for LED street lighting projects and has recognized provisions for these warranties.

(XIII)Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XIV)Employee welfare

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XV)Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year and determined according to the applicable tax laws of each tax jurisdiction.

According to R.O.C Income Tax Act, income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax

rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

The accounting policies, estimates and basic assumptions adopted by the combined company have been evaluated by the management of the combined company and there are no significant uncertainties in accounting judgments, estimates and assumptions.

## VI. Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and working capital | $ 1 | $ 62 |
| Deposits in banks | 136,399 | 329,723 |
| Cash equivalents (Investments with a maturity date of three months or less) | | |
| Time deposits | 536,393 | 392,825 |
| | $ 672,793 | $ 722,610 |
| Annual interest rate (%) | | |
| Deposits in banks | 0.001-1.45 | 0.03-1.05 |
| Cash equivalents | 1.1-6.20 | 4.58-5.00 |

## VII. Financial assets at fair value through other comprehensive income or loss

| Investments in equity instruments | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Domestic listed shares | $ 384,305 | $ 344,345 |
| | | |
| Non-current | | |
| Foreign unlisted preference shares | $ 17,570 | $ 17,151 |
| Domestic unlisted common shares | 7,014 | 5,252 |
| | $ 24,584 | $ 22,403 |

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Company disposed the financial assets at FVTPL in 2022 , respectively, and realized gains of NT$6,914 thousand were transferred to retained earnings.

## VIII. Financial assets at amortized cost - current

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Restricted | | |
| Time deposits | $ 13,000 | $ 13,000 |

For information on pledged financial assets at amortized cost, see Note 26.

## IX. Accounts receivable and Overdue receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable - unrelated party, net | | |
| At amortized cost | | |
| Carrying Amount | $ 327,994 | $ 337,031 |
| Less: Unrealized interest income | ( 3,067 ) | ( 3,747 ) |
| Less: Loss allowance | ( 411 ) | ( 361 ) |
| | $ 324,516 | $ 332,923 |
| Current | $ 244,512 | $ 231,417 |
| Non-current | 80,004 | 101,506 |
| | $ 324,516 | $ 332,923 |
| Overdue receivables | | |
| Overdue receivables | $ 1,299 | $ 1,299 |
| Less: Loss allowance | ( 1,299 ) | ( 1,299 ) |
| | $ - | $ - |

Accounts receivable and Overdue receivables

The average credit period of the Group for commodity sales is 30 to 90 days. Contracted projects are billed in accordance with the contracts. The amounts billed over one year are recorded as long-term receivables, and no interest is accrued on the accounts receivable. The policy adopted by the Group is to conduct transactions only with those who are equal to or higher than the investment grade and to attain sufficient guarantees, if necessary, to mitigate the risk of financial loss due to default. The Group uses publicly available financial information and historical transaction records to rate major customers.

In order to minimize credit risk, management of the Group is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debts to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group’s credit risk was significantly reduced.

The Group recognizes the loss allowance of accounts receivable and overdue receivable according to the lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and the current financial situation. The historical experience of the Group's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of overdue days for accounts receivable are used for setting the expected credit loss rate.

The Group directly writes off related accounts receivable and overdue receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Group. The Group continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

The Group's loss allowance for trade receivable based on the provision matrix were as follows:

| | Not past due | Past due within 30 days | Past due 31 - 60 days | Past due 61 - 90 days | Past due 91 - 365 days | Past due over 365 days | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2023 | | | | | | | |
| Expected credit loss ratio | 0.1% | 3% | 6% | 10% | 50% | 100% | |
| Carrying Amount | $ 325,149 | $ 2,845 | $ - | $ - | $ - | $ 1,299 | $ 329,293 |
| Allowance for loss (loss on lifetime expected credit) | ( 326) | ( 85) | - | - | - | ( 1,299) | ( 1,710) |

| | Not past due | Past due within 30 days | Past due 31 - 60 days | Past due 61 - 90 days | Past due 91 - 365 days | Past due over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Unrealized interest income | ( 3,067) | - | - | - | - | - | ( 3,067) |
| At amortized cost | $ 321,756 | $ 2,760 | $ - | $ - | $ - | $ - | $ 324,516 |
| December 31, 2022 | | | | | | | |
| Expected credit loss ratio | 0.1% | 3% | 6% | 10% | 50% | 100% | |
| Carrying Amount | $ 336,206 | $ 825 | $ - | $ - | $ - | $ 1,299 | $ 338,330 |
| Allowance for loss (loss on lifetime expected credit) | ( 336) | ( 25) | - | - | - | ( 1,299) | ( 1,660) |
| Unrealized interest income | ( 3,747) | - | - | - | - | - | ( 3,747) |
| At amortized cost | $ 332,123 | $ 800 | $ - | $ - | $ - | $ - | $ 332,923 |

Movements in loss allowance for accounts receivable and overdue receivables are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Accounts receivable | Overdue receivables | Accounts receivable | Overdue receivables |
| Balance, beginning of year | $ 361 | $ 1,299 | $ 533 | $ 1,299 |
| Impairment loss (reversed) recognized for the year | 50 | - | ( 172 ) | - |
| Balance, end of year | $ 411 | $ 1,299 | $ 361 | $ 1,299 |

Long-term receivables expected to be collected in 2025, 2026, 2027 and 2028, are NT$22,381 thousand, NT$22,381 thousand, NT$22,380 thousand and NT$15,929 thousand, respectively.

## X. Inventories

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 48,269 | $ 88,089 |
| Work in process | 38,073 | 59,189 |
| Raw materials | 129,834 | 219,541 |
| Supplies | 5,019 | 7,180 |
| Goods in transit | 971 | 1,080 |
| | $ 222,166 | $ 375,079 |

The nature of cost of goods sold related to inventories is as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of inventory sold | $ 1,243,309 | $ 1,500,896 |
| Unallocated manufacturing expenses | 38,085 | 25,926 |
| Inventory write-down | 14,917 | 10,147 |
| | $ 1,296,311 | $ 1,536,969 |

## XI. Subsidiary

Subsidiaries included in the consolidated financial statements:

| Investor Company | Subsidiary | Percentage of Ownership December 31, 2023 | Percentage of Ownership December 31, 2022 |
|---|---|---|---|
| United Radiant Technology Corporation | FIRSTHILL LIMITED | 100 | 100 |
| | UNITED RADIANT TECHNOLOGY (H.K.) CO., LTD. | 100 | 100 |
| | BRIGHT YEH, LTD | 100 | 100 |
| BRIGHT YEH, LTD | Bright Yeh Technology (Huizhou) Co., Ltd. | 100 | 100 |

For the business nature of the above subsidiaries, please refer to Tables 4 and 5.

## XII. Recruitment rights investment

| investment association | December 31, 2022 Amount | December 31, 2022 Shareholding% | December 31, 2021 Amount | December 31, 2021 Shareholding% |
|---|---|---|---|---|
| Hongyi optical Co., Ltd. | $ 35,006 | 19.87 | $ 24,185 | 31.45 |
| IMMENSE OAK TECHNOLOGIES INC. | 8,167 | 32.53 | - | - |
| | $ 43,173 | | $ 24,185 | |

The above-mentioned affiliated companies are individually immaterial affiliated companies, and the general information is as follows:

| | 2023 | 2022 |
|---|---|---|
| Benefits of the merged company | | |
| Current year loss | ($ 11,555) | ($ 5,815) |
| Loss and Other Comprehensive Income for the Year | - | - |
| Total profit and loss | ($ 11,555) | ($ 5,815) |

Merged company acquired NT$30,000 thousand since May 111, 31.45% shareholding of Hongyi Optical Company, which is a subsidiary of the company. The acquired company's trading income is NT$12,885 thousand , which is the origin of the affiliated investment company.

In May 2023, Hongyi optical Co., Ltd. increased its cash capital, and the merged company's unproportioned proportionate purchase amount was 31.45%, and its proportionate proportion decreased by 19.87%, and its official capital increased by NT$20,543 thousand. The management level of the company was evaluated and the merger company was appointed to the company's director, which had a significant impact on the investment management of the late Recruitment and Profit Law.

Since November 2023, the merged company acquired NT$10,000 thousand and acquired 32.53% stake in IMMENSE OAK TECHNOLOGIES INC. Acquired NT$2,635 thousand for the company's production and business transaction, and the investment related company's completed book. The merged company's financial reporting period progressed impairment loss review was NT$1,054 thousand in 2023.

## XIII. Property, plant and equipment

| 2023 | Buildings | Machinery & equipment | Other equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2023 | $ 445,146 | $ 1,205,845 | $ 79,764 | $ 1,730,755 |
| Additions | 11,791 | 3,273 | 3,482 | 18,546 |
| Disposals | ( 23,055) | ( 215) | ( 2,629) | ( 25,899) |
| Reclassifications(Note) | 13,032 | 84 | - | 13,116 |
| Effect of foreign currency exchange differences | ( 53) | ( 69) | - | ( 122) |
| Balance, December 31, 2023 | $ 446,861 | $ 1,208,918 | $ 80,617 | $ 1,736,396 |
| Accumulated depreciation | | | | |
| Balance at January 1, 2023 | $ 354,682 | $ 1,176,854 | $ 68,332 | $ 1,599,868 |
| Disposals | ( 18,161) | ( 214) | ( 2,402) | ( 20,777) |
| Depreciation expense | 6,887 | 11,907 | 3,668 | 22,462 |
| Effect of foreign currency exchange differences | 191 | ( 43) | - | 148 |
| Balance at December 31, 2023 | $ 343,599 | $ 1,188,504 | $ 69,598 | $ 1,601,701 |

| 2023 | Buildings | Machinery & equipment | Other equipment | Total |
|---|---|---|---|---|
| Accumulated impairment loss | | | | |
| Balance at January 1, 2023 | $ 5,138 | $ 1,387 | $ - | $ 6,525 |
| Impairment loss recognized | ( 5,193) | - | - | ( 5,193) |
| Effect of foreign currency exchange differences | 55 | ( 26) | - | 29 |
| Balance at December 31, 2023 | $ - | $ 1,361 | $ - | $ 1,361 |
| Carrying amounts at December 31, 2023 | $ 103,262 | $ 19,053 | $ 11,019 | $ 133,334 |
| Cost | | | | |
| Balance at January 1, 2022 | $ 442,864 | $ 1,198,387 | $ 75,477 | $ 1,716,728 |
| Additions | - | 1,913 | 5,218 | 7,131 |
| Disposals | - | ( 1,729) | ( 1,988) | ( 3,717) |
| Reclassifications(Note) | - | 7,219 | 1,057 | 8,276 |
| Effect of foreign currency exchange differences | 2,282 | 55 | - | 2,337 |
| Balance, December 31, 2022 | $ 445,146 | $ 1,205,845 | $ 79,764 | $ 1,730,755 |

| 2022 | Buildings | Machinery & equipment | Other equipment | Total |
|---|---|---|---|---|
| Accumulated depreciation | | | | |
| Balance at January 1, 2022 | $ 346,467 | $ 1,166,822 | $ 66,957 | $ 1,580,246 |
| Disposals | - | ( 1,306) | ( 1,988) | ( 3,294) |
| Depreciation expense | 6,470 | 11,303 | 3,363 | 21,136 |
| Effect of foreign currency exchange differences | 1,745 | 35 | - | 1,780 |
| Balance at December 31, 2022 | $ 354,682 | $ 1,176,854 | $ 68,332 | $ 1,599,868 |
| Accumulated impairment loss | | | | |
| Balance at January 1, 2022 | $ - | $ 1,367 | $ - | $ 1,367 |
| Impairment loss recognized | 4,966 | - | - | 4,966 |
| Effect of foreign currency exchange differences | 172 | 20 | - | 192 |
| Balance at December 31, 2022 | $ 5,138 | $ 1,387 | $ - | $ 6,525 |
| Carrying amounts at December 31, 2022 | $ 85,326 | $ 27,604 | $ 11,432 | $ 124,362 |

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

Merger company 2023 unapproved line or transfer impairment loss . The merged company's 2022 financial year will result in a decrease in the future operating profit of apartment buildings and construction, The recoverable amount was less than the book value, and the recognized impairment loss was NT$4,966 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20 to 40 years |
| Others | 1 to 32 years |
| Machinery & equipment | 1 to 8 years |
| Other equipment | 2 to 20 years |

For related significant contingencies, please refer to Note 27.

## XIV. Lease Arrangements

(I) Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts | | |
| Land | $ 4,892 | $ 15,148 |
| Buildings | 76 | 293 |
| Transportation Equipment | 2,254 | - |
| | $ 7,222 | $ 15,441 |

| | 2023 | 2022 |
|---|---|---|
| Additions to right-of-use assets | $ 2,798 | $ - |
| Depreciation of right-of-use assets | | |
| Land | $ 1,086 | $ 1,105 |
| Buildings | 217 | 218 |
| Transportation Equipment | 544 | 218 |
| | $ 1,847 | $ 1,323 |

(II) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts | | |
| Current | $ 1,626 | $ 833 |
| Non-current | $ 5,769 | $ 5,129 |

Discount rates for lease liabilities are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 1.75% | 1.75% |
| Buildings | 2% | 2% |
| Transportation Equipment | 2% | - |

(III) Material lease terms

The merged company leases transportation equipment for transportation use for a period of 3 years. There are no renewal or purchase rights provisions in these lease agreements.

The Group leases some land and buildings for the use of factories, offices and warehouses. The lease terms are 2 to 10 years. The Group does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group was granted the right to use land in China for 43 years and is entitled to use the land, receive income, transfer and lease the land during the land use period, and is responsible for all taxes and fees payable arising from the use of the land. For related significant contingencies, please refer to Note 27.

(IV) Other lease information

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $ 1,199 | $ 774 |
| Total cash outflow for leases | ($ 2,692) | ($ 1,705) |

For other equipment which qualify as short-term leases, the Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

## XV. Intangible assets

| 2023 | Balance, beginning of year | Additions | Heavy classification (Note) | Disposals | Balance, end of year |
|---|---|---|---|---|---|
| Cost | | | | | |
| Computer software | $ 21,498 | $ 1,359 | $ - | ($ 4,566) | $ 18,291 |
| Accumulated amortization | | | | | |
| Computer software | 12,770 | $ 3,485 | $ - | ($ 4,566) | 11,689 |
| | $ 8,728 | | | | $ 6,602 |
| 2022 | | | | | |
| Cost | | | | | |
| Computer software | $ 19,631 | $ 1,557 | $ 1,305 | ($ 995) | $ 21,498 |
| Accumulated amortization | | | | | |
| Computer software | 10,682 | $ 3,083 | $ - | ($ 995) | 12,770 |
| | $ 8,949 | | | | $ 8,728 |

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

Intangible assets were amortized on a straight-line basis over their useful lives between 3 to 10 years.

License fee for each function:

| | 2023 | 2022 |
|---|---|---|
| Operating cost | $ 990 | $ 1,002 |
| Selling expenses | 190 | 167 |
| General and administrative expenses | 1,496 | 1,271 |
| R&D expenses | 809 | 643 |
| | $ 3,485 | $ 3,083 |

## XVI. Other payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payables for salaries and bonus | $ 30,813 | $ 33,520 |
| Payables for factory supplies | 9,131 | 22,239 |
| Payables for annual leave | 8,572 | 23,123 |
| Remuneration to employees | 4,613 | 13,022 |
| Remuneration to directors and supervisors | 7,183 | 9,681 |
| Prepayments for business facilities | 2,002 | 3,443 |
| Others | 16,734 | 13,209 |
| | $ 79,048 | $ 118,237 |

## XVII. Retirement benefit plans

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

There are no employees in UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd., FIRSTHILL, BRIGHT YEH and Bright Yeh Technology (Huizhou) Co., Ltd., so no retirement plan or system is available.

(II) Defined benefit plan

The Company adopted a defined benefit plan under the Labor Standards Act (the "LSA"), which is a state-managed defined benefit plan. Under the LSA, pension benefits

are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the supervisory committee of workers' retirement reserve fund. Pension contributions are deposited in the Bank of Taiwan in the committees' name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Company is required to fund the difference in a one-time appropriation that shall be made before the end of March of the following year. The funds are operated and managed by the Bureau of Labor Funds, MOL; as such, the Company does not have any right to intervene in the investments of the funds.

The amount of defined benefit plans included in the consolidated balance sheets were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 140,095 | $ 147,373 |
| Fair value of plan assets | ( 104,815 ) | ( 110,586 ) |
| Net defined benefit liability | $ 35,280 | $ 36,787 |

Net defined benefit liability:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| January 1, 2022 | $ 147,373 | ( $ 110,586 ) | $ 36,787 |
| Service Cost | | | |
| Current service cost | 218 | - | 218 |
| Interest expenses (income) | 2,211 | ( 1,676 ) | 535 |
| Recognized in profit or loss | 2,429 | ( 1,676 ) | 753 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | $ - | ( $ 684 ) | ( $ 684 ) |
| Actuarial (gain) loss | | | |
| - arising from changes in financial assumptions | 3,373 | - | 3,373 |
| - arising from experience adjustments | ( 745 ) | - | ( 745 ) |
| Other comprehensive income (loss) | 2,628 | ( 684 ) | 1,944 |
| Benefits paid directly by the Company | - | ( 4,204 ) | ( 4,204 ) |
| Benefits paid | ( 12,335 ) | 12,335 | - |
| December 31, 2022 | $ 140,095 | ( $ 104,815 ) | $ 35,280 |
| | | | |
| January 1, 2022 | $ 174,959 | ( $ 102,910 ) | $ 72,049 |
| Service Cost | | | |
| Current service cost | 458 | - | 458 |
| Interest expenses (income) | 1,093 | ( 650 ) | 443 |
| Recognized in profit or loss | 1,551 | ( 650 ) | 901 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 8,122 ) | ( 8,122 ) |
| Actuarial (gain) loss | | | |
| - arising from changes in demographic assumptions | 307 | - | 307 |
| - arising from changes in financial assumptions | ( 14,226 ) | - | ( 14,226 ) |

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| - arising from experience adjustments | ( 4,444 ) | - | ( 4,444 ) |
| Other comprehensive income (loss) | ( 18,363 ) | ( 8,122 ) | ( 26,485 ) |
| Benefits paid directly by the Company | - | ( 9,678 ) | ( 9,678 ) |
| Benefits paid | ( 10,774 ) | 10,774 | - |
| December 31, 2022 | $ 147,373 | ( $ 110,586 ) | $ 36,787 |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating cost | $ 529 | $ 632 |
| Selling expenses | 41 | 51 |
| General and administrative expenses | 117 | 118 |
| R&D expenses | 66 | 100 |
| | $ 753 | $ 901 |

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.25% | 1.50% |
| Expected salary increase rate | 2.50% | 2.50% |

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as shown below:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| 0.25% increase | ( $ 3,373 ) | ( $ 3,742 ) |
| Decrease 0.25% | $ 3,493 | $ 3,880 |
| Expected salary increase rate | | |
| 0.25% increase | $ 3,389 | $ 3,773 |
| Decrease 0.25% | ( $ 3,290 ) | ( $ 3,658 ) |

The sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| The expected contributions to the plan for the next year | $ 2,112 | $ 2,280 |
| The average duration of the defined benefit obligation | 9.8 years | 10.3 years |

## XVIII. EQUITY

(I) Common shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Authorized shares (in thousands) | 315,500 | 315,500 |
| Authorized capital | $ 3,155,000 | $ 3,155,000 |
| Number of shares issued and fully paid (in thousands) | 106,352 | 106,352 |
| Issued capital | $ 1,063,518 | $ 1,063,518 |

(II) Capital surplus

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Treasury stock transactions | $ 16,072 | $ 16,072 |
| May be used to offset deficit only | | |
| Stock options that have expired | 1,268 | 1,268 |
| Use the equity method to recognize changes in the net equity value of related companies | 20,543 | - |
| | $ 37,883 | $ 17,340 |

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

(III) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, if the Company makes profit, it shall pay the tax and make up for the accumulative losses, and the allocate 10% of the balance as the legal reserve; however, the requirement does not apply when the accumulated legal reserve has reached the total capital of the Company. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings. In accordance with Article 240(5) of the Company Act, the Board of Directors is authorized to resolve, by a resolution adopted by a two-thirds majority of the directors present who represent two-thirds or more of the directors, to distribute all or part of the dividends and bonuses or legal reserve and capital reserve under Article 241(1) of the Company Act in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, For employee and director remuneration distribution policies stipulated in the company's articles of association, please refer to Note 20-5 Employee remuneration and director remuneration.

The Company's dividend policy in Articles of Incorporation is to distribute dividends to shareholders at a rate of not less than 30% of available earnings for the year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the shareholders' interests. The dividend may be distributed in cash or in shares; the cash dividend shall not be less than 20% of the total dividends paid.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

The appropriations of 2022 and 2021 earnings appropriations were as follows:

| | 2022 | 2021 |
|---|---|---|
| Statutory reserves | $ 28,119 | $ 22,381 |
| (Reversal) of special reserve | 92,930 | ( 24,351 ) |
| Cash dividend | 191,433 | 138,257 |
| Cash dividend per share (NT$) | 1.8 | 1.3 |

The above cash dividends have been resolved by the board of directors in February 2023 and February 2022, respectively, and the remaining appropriations of earnings will be resolved by the shareholders' meeting in May 2023 and May 2022, respectively.

The appropriations of earnings for 2023 had been proposed by the Company’s board of directors on February 23, 2024:

| | 2023 |
|---|---|
| Statutory reserves | $ 8,867 |
| Reversal of special reserve | ( 42,163 ) |
| Cash dividend | 85,081 |
| Cash dividend per share (NT$) | 0.8 |

The above cash dividends have been resolved by the board of directors. The remaining items are subject to the resolution of the shareholders' meeting scheduled to be held in May 2024.

## XIX. Operating income

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from the sale of goods | $ 1,556,440 | $ 1,947,341 |
| Construction revenue | 1,383 | 1,340 |
| | $ 1,557,823 | $ 1,948,681 |

(I) Contract balances

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Accounts receivable (Note 9) | $ 244,512 | 231,417 | $ 277,504 |
| Long-term accounts receivable (Note 9) | 80,004 | 101,506 | 123,045 |
| | $ 324,516 | $ 332,923 | $ 400,549 |
| Contract liabilities - current | | | |
| Merchandise sales | $ 22,422 | $ 24,586 | $ 30,098 |
| Contract liabilities - non-current | | | |
| Revenue from constructions | $ 4,753 | $ 6,168 | $ 7,551 |

(II) Assets recognized for contract costs

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Cost to fulfill contract | $ 1,288 | $ 1,259 |
| Non-current | | |
| Cost to fulfill contract | $ 4,330 | $ 5,618 |

## XX. NET INCOME

(I) Other benefits and losses

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Disposal of interests in real property, plant and equipment | $ 1,503 | $ 570 |
| Net foreign currency exchange gains (losses) | ( 6,223 ) | 58,963 |
| | ( $ 4,720 ) | $ 59,533 |

(II) Financial costs

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank borrowing interest | $ - | $ 267 |
| Interest on lease liabilities | 128 | 113 |
| | $ 128 | $ 380 |

(III) Other income

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| dividend income | $ 7,834 | $ 18,941 |
| other | 6,590 | 11,580 |
| | $ 14,424 | $ 30,521 |

(IV) Employee benefits, depreciation and amortization expenses

| By nature | For Operating costs | For Operating costs | Total |
|---|---|---|---|
| 2023 | | | |
| Employee benefit expenses | | | |
| Wages and salaries | $ 144,358 | $ 86,100 | $ 230,458 |
| Pension expense | | | |
| Defined contribution plans | 6,963 | 4,576 | 11,539 |
| Defined benefit plan | 529 | 224 | 753 |
| Other employee benefits | 29,141 | 22,058 | 51,199 |
| Depreciation expense | 17,468 | 6,841 | 24,309 |
| Amortization expense | 990 | 2,495 | 3,485 |
| 2022 | | | |
| Employee benefit expenses | | | |
| Wages and salaries | $ 172,673 | $ 93,762 | $ 266,435 |
| Pension expense | | | |
| Defined contribution plans | 7,404 | 4603 | 12,007 |
| Defined benefit plan | 632 | 269 | 901 |
| Other employee benefits | 30,456 | 32,387 | 62,843 |
| Depreciation expense | 15,413 | 7,046 | 22,459 |
| Amortization expense | 1,002 | 2,081 | 3,083 |

For information on the allocation of amortization expenses of intangible assets to each individual line item, please refer to Note 15.

(V) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, the article stipulates the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 6% and no higher than 4%, respectively, of the pre-tax profit prior to deducting employees' compensation and remuneration of directors. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 which have been resolved by the Company's board of directors on February , 2024 and 2023, respectively, were as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Cash | Accrual rate | Amount | Accrual rate | Amount |
| Employees' compensation | 6.82% | $ 8,572 | 6.54% | $ 23,123 |
| Remuneration to directors and supervisors | 3.67% | 4,613 | 3.68% | 13,022 |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation, directors and supervisors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## XXI. Income tax

(I) Income tax recognized in profit or loss

Income tax expense (benefit) consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Current income tax | | |
| In respect of the current year | $ 27,861 | $ 55,269 |
| Undistributed Earnings Levy | - | 2,395 |
| Income tax adjustments on prior years | ( 26 ) | 2 |
| Deferred tax | | |
| In respect of the current year | ( 5,533 ) | 6,913 |
| Income tax expense (benefit) recognized in profit or loss | $ 22,302 | $ 64,579 |

A reconciliation of income before income tax and income tax (expense) benefit was as follows:

| | 2023 | 2022 |
|---|---|---|
| Income tax expense calculated at the statutory rate | $ 22,355 | $ 62,421 |
| Tax-exempt income | ( 1,633 ) | ( 3,788 ) |
| Realized investment losses | ( 869 ) | - |
| Non-deductible expense losses | 2,311 | 1,163 |
| Addition and deduction of salary expenses during the employee's acceptance of calling for leave | ( 1 ) | ( 3 ) |
| Undistributed Earnings Levy | - | 2,395 |

| | 2023 | 2022 |
|---|---|---|
| Unrecognized deductible temporary differences | 16 | 1,277 |
| Unrecognized loss carryforwards | 189 | 1,112 |
| Credit on loss carryforwards s in respect of the current year | ( 40 ) | - |
| Income tax adjustments on prior years | ( 26 ) | 2 |
| Income tax expense (benefit) recognized in profit or loss | $ 22,302 | $ 64,579 |

(II) Movement in deferred income tax assets

| 2023 | Balance, beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Balance, end of year |
|---|---|---|---|---|
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Inventory write-down | $ 6,017 | $ 793 | $ - | $ 6,810 |
| Defined benefit obligation | 7,357 | ( 690 ) | 389 | 7,056 |
| Payables for annual leave | 1,936 | ( 500 ) | - | 1,436 |
| Unrealized exchange losses | - | 1,789 | - | 1,789 |
| Others | 2,203 | 1,102 | - | 3,305 |
| | $ 17,513 | $ 2,494 | $ 389 | $ 20,396 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange benefits | $ 3,039 | ( $ 3,039 ) | $ - | $ - |

| 2022 | | | | |
|---|---|---|---|---|
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Inventory write-down | $ 5,703 | $ 314 | $ - | $ 6,017 |
| Defined benefit obligation | 14,410 | ( 1,756 ) | ( 5,297 ) | 7,357 |
| Payables for annual leave | 2,012 | ( 76 ) | - | 1,936 |
| Unrealized exchange losses | 2,686 | ( 2,686 ) | - | - |
| Others | 1,873 | 330 | - | 2,203 |
| | $ 26,684 | ( $ 3,874 ) | ( $ 5,297 ) | $ 17,513 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange benefits | $ - | $ 3,039 | $ - | $ 3,039 |

(III) Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the consolidated balance sheet

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss carryforward | | |
| No expiration date | $ 78,236 | $ 84,339 |
| Deductible temporary differences | | |
| Investments accounted for using the equity method | $ 493,852 | $ 493,531 |

(IV) Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

## XXII. Earnings per share

| | Equity attributable to shareholders of the Company | (in thousands) | Earnings per share (NT$) |
|---|---|---|---|
| 2023 | | | |
| Basic Earnings Per Share | | | |
| Equity attributable to shareholders of the Company | $ 90,221 | 106,352 | $ 0.85 |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 627 | |
| Diluted Earnings Per Share | | | |
| Equity attributable to shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares | $ 90,221 | 106,979 | $ 0.84 |
| 2022 | | | |
| Basic Earnings Per Share | | | |
| Equity attributable to shareholders of the Company | $ 253,089 | 106,352 | $ 2.38 |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 1,655 | |
| Diluted Earnings Per Share | | | |
| Equity attributable to shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares | $ 253,089 | 108,007 | $ 2.34 |

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## XXIII.CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Key management of the Group reviews the capital structure quarterly. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management, the Group may seek to pay off its debts and manage its current assets to balance its overall capital structure.

## XXIV.Financial instrument

(I) Fair value of financial instruments - Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(II) Fair value of financial instruments - Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value measurements

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income or loss | | | | |
| Investments in equity instruments | | | | |
| - Domestic listed shares | $ 384,305 | $ - | $ - | $ 384,305 |
| - Foreign unlisted shares | - | - | 17,570 | 17,570 |
| - Domestic unlisted shares | - | - | 7,014 | 7,014 |
| Total | $ 384,305 | $ - | $ 24,584 | $ 408,889 |

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income or loss | | | | |
| Investments in equity instruments | | | | |
| - Domestic listed shares | $ 344,345 | $ - | $ - | $ 344,345 |
| - Foreign unlisted shares | - | - | 17,151 | 17,151 |
| - Domestic unlisted shares | - | - | 5,252 | 5,252 |
| Total | $ 344,345 | $ - | $ 22,403 | $ 366,748 |

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial assets

| Financial assets at fair value through other comprehensive income or loss - equity instruments | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 22,403 | $ 22,263 |
| Recognized in other comprehensive profit or loss (unrealized valuation gains or losses on financial assets at fair value through other comprehensive profit or loss) | 2,181 | ( 635 ) |
| Purchase | - | 775 |
| Balance, end of year | $ 24,584 | $ 22,403 |

3. Valuation techniques and input used in Level 3 fair value measurement

Market approach or income approach is used to value unlisted domestic and foreign equity investments. The market approach is used as a reference to evaluate the subject company's value to a comparable company. The income approach is based on the discounted cash flow method to calculate the present value of the expected gain or loss for holding the investment.

(III) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial Assets | | |
| Financial assets at amortized cost (Note 1) | $ 1,017,946 | $ 1,074,713 |
| Financial assets at fair value through other comprehensive income or loss | | |
| - Investments in equity instruments | 408,889 | 366,748 |
| Financial Liabilities | | |
| At amortized cost (Note 2) | 181,900 | 225,266 |

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, long-term receivables, and overdue receivables which are measured at amortized cost.

Note 2: The balance includes notes payable, accounts payable, other payables and guarantee deposits, which are measured at amortized cost.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, bank loans and lease liabilities. The Group’s finance department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk , interest rate riskand and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risks faced by the Group's operating activities are changes in foreign currency exchange rates, interest rate changes and other price risks.

There has been no changes to the Group’s exposure to market risks or the manner in which these risks were managed and measured.

(1) Exchange rate risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. A significant portion of the Group' s sales are not

denominated in the functional currency used in the transactions. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and the amount that would change pre-tax net income at the end of the year when translated into New Taiwan dollars at a 1% change in foreign currencies. 1% represents management's assessment of the reasonably possible change in foreign exchange rates.

| | Effect of changes in foreign exchange rates on profit or loss | |
|---|---|---|
| Type of Currency | 2023 | 2022 |
| USD | $ 4,682 | $ 6,979 |

The above amounts are mainly derived from the US dollar-denominated cash and cash equivalents, receivables and payables of the combined company that are still outstanding on the balance sheet date and have not been used for cash flow hedging.

The combined company's sensitivity to exchange rates decreased during the year, mainly due to the decrease in cash and equivalent cash positions denominated in US dollars.

(2)Interest rate risk

The Group has been exposed to interest rate risk due to the deposits at fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| Financial Assets | $ 629,397 | $ 507,331 |
| Financial Liabilities | 7,395 | 5,962 |
| Cash flow interest rate risk | | |
| Financial Assets | $ 136,399 | 329,723 |

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the changes in fair value of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rates had been 1% higher or lower and all other variables were held constant, Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased or decreased by $1,364 thousand and $3,297 thousand, respectively.

The combined company's sensitivity to interest rates decreased during the year, mainly due to the decrease in variable interest rate debt instruments.

(3)Other price risk

The Group was exposed to equity price risk through its investments in equity securities. If the equity price changes by 1%, other comprehensive income before tax will be changed by NT$4,089 thousand and NT$-3,667 thousand in 2023 and 2022, respectively, due to the change in financial assets at fair value through other comprehensive income.

The combined company's sensitivity to equity securities investments has not changed significantly compared with the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group' s credit risk is mainly concentrated in the five largest customers. As of December 31, 2023 and 2022, the accounts receivable from these customers accounted for 70% and 40% of the total amounts, respectively.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of financing facilities and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities of NT$405,000 thousand.

The following liquidity and interest rate risk tables illustrate the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables includes both interest and principal cash flows.

| Non-derivative financial liabilities | Less than 1 year | 1 to 5 years | 5 to 10 years | 10 to 15 years |
|---|---|---|---|---|
| December 31, 2023 | | | | |
| Non-interest bearing liabilities | $ 171,612 | $ 7,663 | $ 2,625 | $ - |
| Lease liabilities | 1,745 | 3,865 | 1,601 | 676 |
| | $ 173,357 | $ 11,528 | $ 4,226 | $ 676 |
| December 31, 2022 | | | | |
| Non-interest bearing liabilities | $ 214,975 | $ 7,666 | $ 2,625 | $ - |
| Lease liabilities | 931 | 2,812 | 1,854 | 901 |
| | $ 215,906 | $ 10,478 | $ 4,479 | $ 901 |

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

## XXV. Related Party Transactions

Intercompany transactions, account balances, revenues and expenses between the Company and its subsidiaries (which are related parties of the Company) have been eliminated upon consolidation; therefore those items are not disclosed in this note. The significant transactions between the Group and its related parties, other than those disclosed in other notes, are summarized as follows:

(I) Related party name and categories

| Related Party Name | Relationship with the Company |
|---|---|
| LEADRAY ENERGY CO., LTD. (LEADRAY ENERGY) | Other related party(Not a related person since the end of September 2023) |
| Hongyi optical Co., Ltd. | Affiliated enterprises |
| IMMENSE OAK TECHNOLOGIES INC. | Affiliated enterprises |

(II) Operating revenue

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 970 | $3,825 |

There is no similar transaction between the company's sales to affiliated companies and non-related parties for comparison.

(III) Operating expenses

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 62 | $- |

(IV) Other income

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Other related party | $ 290 | $ 364 |
| Affiliated enterprises | 287 | 248 |
| | $ 577 | $ 612 |

(V) Accounts receivable

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 468 | $- |

There is no collection guarantee for outstanding accounts receivable. No provision for losses was made in accounts receivable in 2023.

(VI) Other receivables

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | $ 2,547 | $ 364 |
| Affiliated enterprises | 4 | 45 |
| | 2,551 | 409 |
| Less: Allowance for losses | ( 2,183 ) | - |
| | $ 368 | $ 409 |

There is no collection guarantee for other receivables outstanding. Provision losses for other receivables in 2023 and 2022 were NT$ 2,183 thousand and NT$ 0 thousand respectively.

(VII) Other receivables

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | | |
| LEADRAY ENERGY | $ - | $ 1,044 |

(VIII)Contract liabilities - current

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Affiliated enterprises | $ 39 | $ 950 |

(IX) Accounts payable

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | $ 12,051 | $ 12,051 |

The outstanding accounts payable to related parties are unsecured.

(X) Other payables

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | $ 5,900 | $ 5,900 |

This is the outstanding amount of the processing fee.

(XI) Guarantee deposits

| Related Party Categories/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | | |
| LEADRAY ENERGY | $ 9,441 | $ 9,441 |

(IX) Compensation of key management personnel

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 25,777 | $ 32,564 |
| Retirement benefits | 424 | 419 |
| | $ 26,201 | $ 32,983 |

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

## XXVI Pledged Assets

The following assets have been provided as collateral for obligation to banks and Taichung Customs, Customs Administration, Ministry of Finance:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Pledged time deposits (recognized as financial assets at amortized cost) | $ 13,000 | $ 13,000 |

## XXVII. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

There is a dispute between UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. and Bo Yi Electronics Company in Bo Luo County, Guang Dong, China over the land use right and the property on the ground (recognized as right-of-use assets and property, plant and equipment). The land is located in Chizhukeng Area of Tangquan Forestry Farm, Luoyang Town, Luo County, Guangdong Province, with a total area of 16,667 square meters, of which UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. has an equity interest of 7,000 sq.m. (approximately 42%) and Bo Yi Electronics Company has an equity interest of 9,667 sq.m. (approximately 58%), and the state-owned land use certificate and real estate title certificate are registered under the name of Bo Yi Electronics Company. UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. decided to pursue legal proceedings to preserve its own rights, it has appointed an attorney to handle the dispute and filed a lawsuit in August 2017. The Company prevailed in the first trial in October 2020, but Bo Yi Electronics filed an appeal in December 2020. The appeal was remanded to the local intermediate people's court in October 2021, In June 2023, the court rejected the request of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd., so UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. appealed to the Higher People's Court in July 2023. However, both parties have signed a settlement agreement on November 27, 2023, and both parties are required to fulfill confidentiality obligations regarding the agreement. The merger company assesses that it will not have a significant impact on the operations of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd..

## XXVIII. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence

The Group’s entities’ significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence is as follows:

| December 31, 2023 | Foreign currency | Exchange rate | NTD |
|---|---|---|---|
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 18,938 | 30.705 (USD:NTD) | $ 581,501 |
| Non-monetary items | | | |
| Financial assets at fair value through other comprehensive income or loss | | | |
| EUR | 537 | 33.98 (EUR:NTD) | 17,570 |
| Foreign currency liabilities | | | |
| Monetary items | | | |
| USD | 2,855 | 30.705(USD:NTD) | 87,670 |
| USD | 833 | 7.815 (USD:HKD) | 25,590 |
| December 31, 2022 | | | |
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 27,008 | 30.71 (USD:NTD) | $ 829,403 |
| Non-monetary items | | | |
| Financial assets at fair value through other comprehensive income or loss | | | |
| EUR | 537 | 32.72 (EUR:NTD) | 17,151 |
| Foreign currency liabilities | | | |
| Monetary items | | | |
| USD | 3,449 | 30.71(USD:NTD) | 105,930 |
| USD | 833 | 7.7984 (USD:HKD) | 25,594 |

The realized and unrealized foreign currency exchange gains (losses) of the combined company in 2023 and 2022 were NT$(6,223) thousand and NT$58,963 thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the group entities, it is impossible to classify each major impact Disclosure of exchange gains and losses by foreign currency.

## XXIX. Supplementary Disclosures

(I) Significant transactions information:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 2 attached.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Information about the derivative instrument transaction: None.
10. Other: Significant inter-company transactions during the reporting periods: See Table 3 attached.

(II) Relevant information on reinvestment business: See Table 4 attached.

(III) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.
2. Significant direct or indirect transactions with the investee, its prices, terms of payment, and unrealized gain or loss: See Table 3 attached.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
   (6) Other transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(IV) Information of major shareholder: shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

## XXX. Segment Information

(I) Department Operation Information

Provides information to key operating decision makers to allocate resources and evaluate department performance, focusing on each type of product or service delivered or provided. The merged company is mainly a single operating department focused on the manufacturing, processing and sales of various types of liquid crystal displays and their modules. The basis for measuring the profits and losses, assets and liabilities of the operating departments is the same as the basis for preparing the consolidated financial statements. For information about the operating departments, please refer to the consolidated balance sheet and consolidated comprehensive income statement.

(II) Regionally differentiated information

The combined company operates primarily in three regions - Europe, Asia and the Americas.

Information on the consolidated company's continuing operating unit income from external customers based on the country and location of the sales customer and non-current assets based on the location of the asset are as follows:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Europe | $ 913,737 | $1,042,261 | $ - | $ - |
| Asia | 555,749 | 683,427 | 251,952 | 275,043 |
| America | 88,337 | 222,993 | - | - |
| | $1,557,823 | $1,948,681 | $ 251,952 | $ 275,043 |

Non-current assets exclude financial assets measured at fair value through other comprehensive profit or loss - non-current, equity method investments and deferred income tax assets.

(III) Major customer information

Revenues from one single customer representing 10% or more of the Group's total revenues are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Customer Name | Amount | % | Amount | % |
| Company A | $ 607,800 | 39 | $ 783,780 | 40 |

United Radiant Technology Corporation and Subsidiaries
Financings provided
For the Years Ended December 31, 2023

TABLE 1

Unit: NT$ thousand

| Serial No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance for the Year | Balance, end of year | Amount Actually Drawn (Note 1) | Interest rate Range | Nature for Financing | Transaction Amounts | Reason for short-term Financing | Allowance for Bad Debt | Collateral | | Financing Limits for Each Borrowing Company (Note 2) | Financing Company's Total Financing Amount Limits (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Other receivables | Y | $ 27,024 | $ 25,590 | $ 25,590 | - | Transaction Amounts | $ - | — | $ - | — | $ - | $ 155,621 | $ 622,482 |

Note 1: The amount already written off during the preparation of the consolidated financial statements.
Note 2: The limit on lending funds provided each borrowing company is up to 10% of the net worth and the total limit shall not exceed 40% of the net worth.

United Radiant Technology Corporation and Subsidiaries
Marketable Securities Held
DECEMBER 31, 2023

TABLE 2

Unit: NT$ thousand

| Held Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | December 31, 2022 | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares (in thousands) | Carrying Amount | Percentage of Ownership (%) | plan assets | |
| The Company | Stocks | | | | | | | |
| | Taiwan Cement Corporation | None | Financial assets at fair value through other comprehensive income or loss - current | 3,739,756 | $ 130,330 | - | $ 130,330 | |
| | Fubon Financial Holding Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - current | 1,875,137 | 121,509 | - | 121,509 | |
| | Cathay Financial Holdings Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - current | 2,487,723 | 113,813 | - | 113,813 | |
| | Asia Cement Corporation | None | Financial assets at fair value through other comprehensive income or loss - current | 450,000 | 18,653 | - | 18,653 | |
| | Miortech Holding B.V. | None | Financial assets at fair value through other comprehensive income or loss - non-current | 22,154 | 17,570 | 9 | 17,570 | |
| | LEADRAY ENERGY | Other related party | Financial assets at fair value through other comprehensive income or loss - non-current | 567,063 | 7,014 | 2 | 7,014 | |
| | Chungyo Department Store | None | Financial assets at fair value through other comprehensive income or loss - non-current | 3,567 | - | - | - | |
| | Friendly International Enterprise Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - non-current | 56,933 | - | - | - | |

United Radiant Technology Corporation and Subsidiaries
Significant Inter-Company Transactions During the Reporting Periods
For the Years Ended December 31, 2023

TABLE 3

Unit: NT$ thousand

| Serial No. | Company name | Counterparty | Nature of Relationship | Intercompany Transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statements Item | Amount (Note) | Transaction Terms | Percentage of Consolidated Net Revenue or Total Assets (%) |
| 0 | The Company | UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Parent to subsidiary | Other receivables | $ 25,590 | — | 1 |

Note: The amount already written off during the preparation of the consolidated financial statements.

United Radiant Technology Corporation and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
For the Years Ended December 31, 2022

TABLE 4

Unit: NT$ thousand

| Investor Company | Investee Company (Note 1) | Location | Main businesses | Original Investment Amount | | Balance as of December 31, 2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income (loss) recognized by the Company for the year ended December 31, 2023 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares (in thousands) | Percentage of Ownership | Carrying Amount | | | |
| The Company | FIRSTHILL LIMITED | British Virgin Islands | Investment | $ 625 | $ 625 | 197,414 | 100 | $ 9,479 | $ 433 | $ 433 | Subsidiary |
| | BRIGHT YEH, LTD | British Virgin Islands | Investment | 12,643 | 12,643 | 2,000 | 100 | 56 | ( 755) | ( 755) | Subsidiary |
| | UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Hong Kong | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules | 152,525 | 152,525 | 36,495,000 | 100 | ( 15,654) | 243 | 243 | Subsidiary |
| | Hongyi optical Co., Ltd. | Taiwan | Manufacture, processing and sales of light-emitting components | 30,000 | 30,000 | 2,500,000 | 19.87 | 35,006 | ( 41,662) | ( 9,722) | Affiliated enterprises |
| | IMMENSE OAK TECHNOLOGIES INC.. | Taiwan | HMI Planning, R&D and Sales | 10,000 | - | 1,000,000 | 32.53 | 8,167 | ( 10,227) | ( 1,833) | Affiliated enterprises |

Note 1: The amount already written off during the preparation of the consolidated financial statements.
Note 2: Please refer to Table 5 for information on investees in mainland China.

United Radiant Technology Corporation and Subsidiaries
Information on investment in Mainland China:
For the Years Ended December 31, 2023

TABLE 5

Unit: In thousand NT$ or Foreign currency

| Investee Company (Note 1) | Main businesses | Total Amount of Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows for the year ended December 31, 2021 | | December 31, 2022 from Taiwan as of January 1, 2022 | Net profit (loss) of the investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 3) | Carrying Amount | Accumulated Inward Remittance of Earnings as of December 31, 2022 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Bright Yeh Technology (Huizhou) Co., Ltd. | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules | $ 12,643 (USD 400) | (Note 2) | $ 12,643 (USD 400) | $ - | $ - | $ 12,643 (USD 400) | ($ 755) | 100% | ($ 755) | $ 56 | $ - | |

| Accumulated Amount of Remittance from Taiwan to Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Ceiling on Investments in Mainland China Imposed by the Investment Commission, MOEA (Note 4) |
|---|---|---|
| $ 342,995 (USD 10,400) | $ 12,643 (USD 400) | $ 933,724 |

Note 1: The amount already written off during the preparation of the consolidated financial statements.
Note 2: The Company invested in China through a third-party company (third-party company: BRIGHT YEH directly invested in China).
Note 3: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.
Note 4: The calculation of the limit is in accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China.

**Appendix II**

**Parent Company Only Financial Statements and Independent Auditor's Report for the Most Recent Year**

## Independent Auditor's Report

To the Board of directors of United Radiant Technology Corporation:

**Audit opinion**

We have audited the accompanying parent company only financial statements of United Radiant Technology Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Validity of Specific Customer's Revenue Recognition

The Company's main revenue comes from export sales, including sales to Europe and the Americas. The income of some of these customers has increased compared with the previous year and the number of days of collection turnover has increased, which may have a significant impact on the financial performance of Fnetlink Technology Co., Ltd.; therefore, we have considered the validity of specific customers' revenue recognition of specific customers as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4 of the Parent Company Only Financial Statements.

Our audit procedures related to the key audit matter described above are as follows:

1. We understand the internal controls and operating procedures related to the recognition of operating income, and evaluate and confirm the operational effectiveness of the internal controls and operating procedures.
2. We take samples from the sales details of specific customers, check shipping documents and

export declarations, and verify whether the invoice recipient and shipment recipient are the same, and send letters to these customers to confirm sales. Revenue Availability.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte Taiwan

CPA Dli-Wei Liu

CPA Ting-Chien Su

Approval Document Number of Financial SupervisoryCommission
Jin Guan Zheng Sheng Zi No. 1110348898

Approval Document Number of Financial SupervisoryCommission
Jin Guan Zheng Sheng Zi No. 1070323246

February 27, 2024

**United Radiant Technology Corporation**
**Parent Company Only Balance Sheets**
**As of December 31 in 2023 and 2022**

Unit: NT$ thousand

| Code | ASSET | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | $ 663,235 | 35 | $ 713,358 | 35 |
| 1120 | Financial assets at fair value through other comprehensive income or loss - current (Notes 4 and 7) | 384,305 | 20 | 344,345 | 17 |
| 1136 | Financial assets at amortized cost - current (Notes 4 ,8 and 25) | 13,000 | 1 | 13,000 | 1 |
| 1170 | Accounts receivable, net (Notes 4, 9,18 and 24) | 244,512 | 13 | 231,417 | 11 |
| 1200 | Other receivables, net (Notes 4 and 24) | 31,002 | 1 | 30,365 | 1 |
| 1310 | Inventories (Notes 4 and 10) | 222,166 | 12 | 375,079 | 18 |
| 1410 | Prepayments | 4,888 | - | 2,999 | - |
| 1470 | Other current assets (Note 18 and 24) | 1,323 | - | 2,568 | - |
| 11XX | Total current assets | 1,564,431 | 82 | 1,713,131 | 83 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income or loss - non-current (Notes 4 and 7) | 24,584 | 1 | 22,403 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 4 and 11) | 52,708 | 3 | 34,053 | 2 |
| 1600 | Property, plant and equipment (Notes 4 and 12) | 133,334 | 7 | 124,362 | 6 |
| 1755 | Right-of-use assets (Notes 4 and 13) | 7,222 | 1 | 5,826 | - |
| 1780 | Intangible assets (Notes 4 and 14) | 6,602 | - | 8,728 | 1 |
| 1840 | Deferred income tax assets (Notes 4 and 20) | 20,396 | 1 | 17,513 | 1 |
| 1915 | Prepayments for business facilities | 8,030 | 1 | 17,979 | 1 |
| 1920 | Refundable deposits (Notes 4 ) | 2,225 | - | 1,409 | - |
| 1932 | Long-term accounts receivable (Notes 4, 9 and 18) | 80,004 | 4 | 101,506 | 5 |
| 1990 | Other non-current assets (Note 18) | 4,330 | - | 5,618 | - |
| 15XX | Total non-current assets | 339,435 | 18 | 339,397 | 17 |
| 1XXX | Total Assets | $ 1,903,866 | 100 | $ 2,052,528 | 100 |

(Continued)

**United Radiant Technology Corporation**
**Parent Company Only Balance Sheets**
**As of December 31 in 2023 and 2022**

Unit: NT$ thousand

| Code | LIABILITIES AND EQUITY | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current liabilities | | | | |
| 2130 | Contract liabilities - current (Notes 4 ,18,and 25) | $ 22,422 | 1 | $ 24,586 | 1 |
| 2150 | Notes payable | 101 | - | 990 | - |
| 2170 | Accounts payable (Note 25) | 131,593 | 7 | 175,094 | 8 |
| 2180 | Accounts payable - related party (Note 25) | 12,051 | 1 | - | - |
| 2200 | Other payables (Notes 15 and 25) | 78,576 | 4 | 118,867 | 6 |
| 2230 | Income tax liabilities for the period (Notes 4 ) | 25,977 | 1 | 57,002 | 3 |
| 2280 | Lease liabilities - current (Notes 4 and 13) | 1,626 | - | 833 | - |
| 2399 | Other current liabilities | 3,570 | - | 1,545 | - |
| 21XX | Total current liabilities | 275,916 | 14 | 378,917 | 18 |
| | Non-current | | | | |
| 2527 | Contract liabilities - non-current (Notes 4 and 18) | 4,753 | - | 6,168 | - |
| 2570 | Deferred tax liabilities (Notes 4 and 20) | - | - | 3,039 | - |
| 2580 | Lease liabilities - non-current (Notes 4 and 13) | 5,769 | - | 5,129 | - |
| 2640 | Net defined benefit liability - non-current (Notes 4 and 16) | 35,280 | 2 | 36,787 | 2 |
| 2645 | Guarantee deposits (Note 24) | 10,288 | 1 | 10,291 | 1 |
| 2650 | Credit balance of investments accounted for using the equity method (Notes 4 and 11) | 15,654 | 1 | 15,930 | 1 |
| 25XX | Total non-current liabilities | 71,744 | 4 | 77,344 | 4 |
| 2XXX | Total liabilities | 347,660 | 18 | 456,261 | 22 |
| | EQUITY | | | | |
| 3110 | Common shares | 1,063,518 | 56 | 1,063,518 | 52 |
| 3200 | Capital surplus | 37,883 | 2 | 17,340 | 1 |
| | Retained earnings | | | | |
| 3310 | Statutory reserves | 144,373 | 8 | 116,254 | 6 |
| 3320 | Special reserve | 92,930 | 5 | - | - |
| 3350 | Undistributed earnings | 268,269 | 14 | 492,085 | 24 |
| 3400 | Other equity | ( 50,767) | ( 3 ) | ( 92,930) | ( 5 ) |
| 3XXX | Total equity | 1,556,206 | 82 | 1,596,267 | 78 |
| | Total Liabilities and Equity | $ 1,903,866 | 100 | $ 2,052,528 | 100 |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation**
**Parent Company Only Statements Of Comprehensive Income**
**For the Years Ended December 31, 2023 and 2022**

In Thousands of New Taiwan Dollars, Except Earnings Per Share

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | Operating revenue (Notes 4,18 and 24) | $ 1,557,823 | 100 | $ 1,948,681 | 100 |
| 5000 | Operating costs (Notes 10 and 19) | 1,297,570 | 83 | 1,538,190 | 79 |
| 5900 | Operating margin | 260,253 | 17 | 410,491 | 21 |
| | Operating expenses (Note 19 and 24) | | | | |
| 6100 | Selling expenses | 39,214 | 3 | 36,900 | 2 |
| 6200 | General and administrative expenses | 89,251 | 6 | 101,142 | 5 |
| 6300 | Research & development expenses | 35,112 | 2 | 40,975 | 2 |
| 6450 | Expected credit impairment benefit(Notes 4 and 9) | 2,233 | - | ( 172 ) | - |
| 6000 | Total operating expenses | 165,810 | 11 | 178,845 | 9 |
| 6900 | Net Operating income | 94,443 | 6 | 231,646 | 12 |
| | Non-operating income and expenditure (Note 4) | | | | |
| 7010 | Other income (Note 24) | 14,424 | 1 | 31,089 | 2 |
| 7020 | Other profits and losses | ( 5,692) | - | 59,494 | 3 |
| 7050 | Financial costs | ( 128) | - | ( 380 ) | - |
| 7070 | Share of profits of subsidiaries accounted for using equity method (Notes 11) | ( 11,634) | ( 1) | ( 12,204 ) | ( 1) |
| 7100 | Interest income | 21,110 | 1 | 8,593 | - |
| 7000 | Total non-operating income and expenditure | 18,080 | 1 | 86,022 | 4 |
| 7900 | Net profit before tax | 112,523 | 7 | $ 317,668 | 16 |
| 7950 | Income tax gains (expenses) (Notes 4 and 20) | ( 22,302) | ( 1) | ( 64,579 ) | ( 3) |

(Continued)

**United Radiant Technology Corporation**
**Parent Company Only Statements Of Comprehensive Income**
**For the Years Ended December 31, 2023 and 2022**

In Thousands of New Taiwan Dollars, Except Earnings Per Share

| Code | | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|---|
| 8200 | NET INCOME | 90,221 | 6 | 253,089 | 13 |
| | Other comprehensive income (loss) (Note 4) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit obligation (Note 16) | ($ 1,555) | - | 21,188 | 1 |
| 8316 | Unrealized gain on investments in equity instruments at fair value through other comprehensive income or loss | 42,141 | 2 | ( 119,672) | ( 6) |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | 22 | - | ( 263) | - |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | 40,608 | 2 | ( 98,747) | ( 5) |
| 8500 | Total comprehensive income (loss) | $ 130,829 | 8 | $ 154,342 | 8 |
| | Earnings per share (Note 21) | | | | |
| 9750 | Basic | $ 0.85 | | $ 2.38 | |
| 9850 | Diluted | $ 0.84 | | $ 2.34 | |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation**
**Parent Company Only Statements Of Changes In Equity**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| | | Equity attributable to shareholders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings (Note 17) | | | Other equity (Note 4) | | | |
| Code | | Common shares (Note 17) | Capital surplus (Note 4 and 17) | Legal reserve | Special reserve | Undistributed earnings (Notes 7 and 16) | Exchange differences arising on translation of foreign operations | Financial assets at fair value through other comprehensive income Unrealized gain or loss (Note 7) | Treasury stock | Total equity |
| A1 | Balance, January 1, 2022 | 1,063,518 | 17,340 | 93,873 | 24,351 | 347,181 | 5,238 | 28,681 | - | 1,580,182 |
| | Distribution of 2021 earnings | | | | | | | | | |
| B1 | Statutory reserves | - | - | 22,381 | - | ( 22,381) | - | - | - | - |
| B3 | Reversal of special surplus reserve | - | - | - | ( 24,351) | 24,351 | - | - | - | - |
| B5 | Cash dividends to the shareholders of the Company | - | - | - | - | ( 138,257) | - | - | - | ( 138,257) |
| D1 | Net income in 2022 | - | - | - | - | 253,089 | - | - | - | 253,089 |
| D3 | Other comprehensive income (loss) in 2022 | - | - | - | - | 21,188 | ( 263) | ( 119,672) | - | ( 98,747) |
| D5 | Total comprehensive income (loss) in 2022 | - | - | - | - | 274,277 | ( 263) | ( 119,672) | - | 154,342 |
| Q1 | Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 6,914 | - | ( 6,914 ) | - | - |
| Z1 | Balance, December 31, 2022 | $1,063,518 | $ 17,340 | $ 116,254 | $ - | $ 492,085 | $ 4,975 | ( $ 97,905 ) | $ - | $ 1,596,267 |
| | Distribution of 2022 earnings | | | | | | | | | |
| B1 | Statutory reserves | - | - | 28,119 | - | ( 28,119) | - | - | - | - |
| B3 | Special reserve | - | - | - | 92,930 | ( 92,930 ) | - | - | - | - |
| B5 | Cash dividends to the shareholders of the Company | - | - | - | - | ( 191,433) | - | - | - | ( 191,433 ) |
| D1 | Net income in 2023 | - | - | - | - | 90,221 | - | - | - | 90,221 |
| D3 | Other comprehensive income (loss) in 2023 | - | - | - | - | ( 1,555) | 22 | 42,141 | - | 40,608 |
| D5 | Total comprehensive income (loss) in 2023 | - | - | - | - | 88,666 | 22 | 42,141 | - | 130,829 |
| C7 | Changes in related enterprises recognized using the equity method | - | 20,543 | - | - | - | - | - | - | 20,543 |
| Z1 | Balance, December 31, 2023 | $1,063,518 | $ 37,883 | $ 144,373 | $ 92,930 | $ 268,269 | $ 4,997 | ( $ 55,764 ) | $ - | $ 1,556,206 |

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

Chairman: Mon-Han, Wu  Manager: Chien Wen, Yeh  Accounting Supervisor: Kun-Quan,Liu

**United Radiant Technology Corporation**
**Parent Company Only Statements of Cash Flows**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income before income tax | $ 112,523 | $ 317,668 |
| A20010 | Adjustments to reconcile profit (loss) | | |
| A20100 | Depreciation expense | 23,864 | 21,544 |
| A20200 | Amortization expense | 3,485 | 3,083 |
| A20300 | Expected credit losses (reversal) | 2,233 | ( 172) |
| A20900 | Interest expense | 128 | 380 |
| A21200 | Interest income | ( 21,110) | ( 8,593) |
| A21300 | Dividend income | ( 7,834) | ( 18,941) |
| A22400 | Share of profits of subsidiaries accounted for using equity method | 11,634 | 12,204 |
| A22500 | Gain on disposal of property, plant and equipment | ( 439) | ( 570) |
| A23700 | Impairment loss on non-financial assets | 14,917 | 10,147 |
| A24100 | Unrealized foreign currency exchange losses | 4,876 | ( 4,265) |
| A29900 | Other income | ( 778) | ( 1,353) |
| A30000 | Changes in operating assets and liabilities: | | |
| A31150 | Accounts receivable | 1,706 | 66,616 |
| A31180 | Other receivables | ( 2,904) | ( 1,393) |
| A31200 | Inventories | 137,996 | ( 23,030) |
| A31230 | Prepayments | ( 1,889) | 2,083 |
| A31240 | Other current assets | 2,533 | 806 |
| A32125 | Contract liabilities | ( 3,233) | ( 6,574) |
| A32130 | Notes payable | ( 889) | ( 317) |
| A32150 | Accounts payable | ( 29,198) | ( 97,636) |
| A32180 | Other payables | ( 37,997) | 15,006 |
| A32230 | Other current liabilities | 2,025 | ( 887) |
| A32240 | Net defined benefit liability | ( 3,451) | ( 8,777) |
| A33000 | Cash inflow generated from operations | 208,198 | 277,029 |
| A33100 | Receipt of interest | 21,104 | 7,804 |
| A33200 | Receipt of dividends | 7,834 | $ 18,941 |
| A33300 | Interest paid | ( 128) | ( 380) |
| A33500 | Refunded Income tax paid | ( 58,860) | ( 12,222) |
| AAAA | Net cash flows from operating activities | 178,148 | 291,172 |

(Continued)

**United Radiant Technology Corporation**
**Parent Company Only Statements of Cash Flows**
**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities | | |
| B00010 | Acquisition of financial assets at fair value through other comprehensive income or loss | $ - | ( 84,136 ) |
| B00020 | Proceed from disposal of financial assets at fair value through other comprehensive income or loss | - | 27,005 |
| B00040 | Acquisition of financial assets at amortized cost | ( 13,000) | ( 513,073 ) |
| B00050 | Disposal of financial assets at amortized cost | 13,000 | 513,073 |
| B01800 | Acquisition of investments using the equity method | ( 10,000) | ( 30,000 ) |
| B02700 | Acquisition of property, plant and equipment | ( 20,795) | ( 5,088 ) |
| B02800 | Proceed from disposal of property, plant and equipment | 667 | 993 |
| B03700 | Refundable deposits paid | ( 1,077) | ( 287 ) |
| B03800 | Refundable deposits refunded | 261 | 7,890 |
| B04500 | Acquisition of intangible assets | ( 1,359) | ( 1,557 ) |
| B07100 | Increase in prepayments for business facilities | ( 3,167) | ( 20,892 ) |
| BBBB | Net cash used in investing activities | ( 35,470) | ( 106,072 ) |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term bank borrowings | 644 | 202,241 |
| C00200 | Decrease in short-term bank borrowings | ( 644) | ( 202,241 ) |
| C03000 | Guarantee deposits received | - | 9 |
| C03100 | Guarantee deposits refunded | ( 3) | - |
| C04020 | Repayment of principal portion of lease liabilities | ( 1,365) | ( 818 ) |
| C04500 | Cash dividend paid | ( 191,433) | ( 138,257 ) |
| CCCC | Net cash used in financing activities | ( 192,801) | ( 139,066 ) |
| EEEE | Net decrease in cash and cash equivalents | ( 50,123) | 46,034 |
| E00100 | Cash and cash equivalents, beginning of year | 713,358 | 667,324 |
| E00200 | Cash and cash equivalents, end of year | $ 663,235 | $ 713,358 |

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

## I. Company History:

United Radiant Technology Corporation (hereinafter referred to as "the Company") was established in June 1990. The Company is engaged in the manufacture, processing and sale of all kinds of liquid crystal displays (LCDs) and their modules.

The Company's shares were approved for listing on the Taipei Exchanges (OTC) by Securities and Futures Commission (now the Securities and Futures Bureau of the Financial Supervisory Commission) in August 1996.

These parent company only financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

## II. Approval Date and Procedures of the Consolidated Financial Statements

The accompanying parent company only financial statements were approved by the Board of Directors on February 23, 2024.

## III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2024

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB(Note 1) |
|---|---|
| Amendment to IFRS 16 “Lease Liabilities in Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of liabilities as current or non-current" | January 1, 2024 |
| Amendments to IAS 1 “Non-current liabilities with contractual terms” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements" | January 1, 2024 (Note 3) |

Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective date.

Note 2: The seller and lessee should retroactively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after 16 days of initial application of IFRS.

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

As of the date the financial statements were authorized for issue, the Company assessed that the amendments of other standards and interpretations have no material impact on the Company’s financial positions and financial performance.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17). | January 1, 2023 |
| Amendment to IAS 21 “Lack of Convertibility” | January 1, 2025(Note 2) |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose relevant impact when the assessment is completed.

## IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company account for subsidiaries by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and other equity items in the parent company only financial statements.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held for trading purposes;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries operating in countries or currencies different from those of the Company) are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

(V) Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost. Inventories are recorded at weighted-average cost on the balance sheet date.

(VI) Investment in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net

investment in the subsidiary), the Company continues to recognize losses in proportion to its ownership.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

(VII) Investing in affiliated companies

Affiliated enterprises refer to enterprises that have significant influence on the Company but are not subsidiaries or joint ventures.

The company adopts the equity method for investing in affiliated enterprises.

Under the equity method, an investment in an affiliated enterprise is initially recognized at cost, and the book value after acquisition will increase or decrease with the company's share of the affiliated enterprise's profit or loss, other comprehensive profit or loss, and profit distribution. In addition, changes in the company's rights and interests in related companies are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of the affiliated enterprise enjoyed by the company on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized; The excess of the share of the net fair value of the identifiable assets and liabilities of the affiliated enterprise over the acquisition cost is included in the current year's profit or loss.

When an affiliated company issues new shares, if the company does not subscribe in accordance with the shareholding ratio, resulting in a change in the shareholding ratio, and thus resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve - recognized as a related party using the equity method Changes in the net value of corporate equity and investments using the equity method. However, if the ownership interest in the affiliated enterprise is reduced by not subscribing or obtaining it according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the affiliated enterprise will be reclassified according to the reduction ratio, and the basis of accounting treatment is related to the affiliated enterprise If the basis for directly disposing of related assets or liabilities is the same; if the adjustment in the preceding paragraph should be debited to the capital reserve, and if the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus.

When the company's share of losses to the affiliated enterprise is equal to or exceeds its equity in the affiliated enterprise (including the book value of the investment in the affiliated enterprise under the equity method and other long-term interests that are substantially part of the company's net investment in the affiliated enterprise) , which ceases to recognize further losses. The company recognizes additional losses and liabilities only within the scope of statutory obligations, constructive obligations or payments made on behalf of related companies.

When assessing impairment, the company regards the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount with the book value to conduct impairment tests. The recognized impairment losses are not apportioned to the components that constitute the investment book value any assets, including goodwill. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

The company ceases to adopt the equity method from the date when its investment

ceases to be an affiliated enterprise, and its retained interests in the original affiliated enterprise are measured by fair value. included in the profit and loss for the year. In addition, all amounts related to the affiliated enterprise recognized in other comprehensive profit or loss are accounted for on the same basis as would be required if the affiliated enterprise directly disposes of the related assets or liabilities. If the investment in an affiliated enterprise becomes an investment in a joint venture, or the investment in a joint venture becomes an investment in an affiliated enterprise, the Company continues to adopt the equity method without re-evaluating the retained equity.

Profit and loss arising from upstream, downstream, and sidestream transactions between the company and affiliated companies are recognized in individual financial reports only to the extent that they are not related to the company's rights and interests in affiliated companies.

(VIII)Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and begin to be depreciated when completed.

Property, plant and equipment are depreciated separately for each significant part on a straight-line basis over their useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

(X) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right - of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XI)Financial instrument

Financial assets and liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Category of financial assets and measurement

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, long-term receivables, overdue receivables, and refundable deposits) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in

other comprehensive income and accumulated in other equity.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable and overdue receivables).

The loss allowance for accounts receivable and overdue receivables is measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. When a financial asset is due longer than the collection period as stated in the contract, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3)Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective

interest method.

(2) Derecognition of financial liabilities

The difference between the ca5rrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities incurred) is recognized in profit or loss.

(XII) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For a contract where the period between the date the Company transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Revenue from the sale of goods

Revenue from sales of goods is mainly generated from sales of LCD modules and LCD products. Revenue and accounts receivable are recognized when the customer has control over the committed assets, and the prepayment for sales of goods is recognized as a contract liability.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

2. Construction revenue

The Company is engaged in the contracting business of LED street lighting projects. Since the assets are under the control of the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the completion of the construction contracts. The Company provides standard warranties that are in compliance with the agreed specifications for LED street lighting projects and has recognized provisions for these warranties.

(XIII)Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company

remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(XIV)Employee welfare

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XV)Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

According to the R.O.C Income Tax Act, income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliated companies, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available

to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

The accounting policies, estimates and basic assumptions adopted by the company have been evaluated by the company's management and there are no significant uncertainties in accounting judgments, estimates and assumptions.

## VI. CASH AND CASH EQUIVALENTS

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and working capital | $ 1 | $ - |
| Deposits in banks | 135,789 | 329,483 |
| Cash equivalents (Investments with a maturity date of three months or less) | | |
| Time deposits | 527,445 | 383,875 |
| | $ 663,235 | $ 713,358 |
| Annual interest rate (%) | | |
| Deposits in banks | 0.001-1.45 | 0.03-1.05 |
| Cash equivalents | 1.1-6.20 | 4.58-5.00 |

## VII. Financial assets at fair value through other comprehensive income or loss

| Investments in equity instruments | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Domestic listed shares | $ 384,305 | $ 344,345 |
| | | |
| Non-current | | |
| Foreign unlisted preference shares | $ 17,570 | $ 17,151 |
| Domestic unlisted common shares | 7,014 | 5,252 |
| | $ 24,584 | $ 22,403 |

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The Company disposed the financial assets at FVTPL in 2022 , respectively, and realized gains of NT$6,914 thousand were transferred to retained earnings.

## VIII. Financial assets at amortized cost - current

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Restricted | | |
| Time deposits | $ 13,000 | $ 13,000 |

For information on pledged financial assets at amortized cost, see Note 25.

## IX. Accounts receivable and Overdue receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable - unrelated party, net | | |
| At amortized cost | | |
| Carrying Amount | $ 327,994 | $ 337,031 |
| Less: Unrealized interest income | ( 3,067 ) | ( 3,747 ) |
| Less: Loss allowance | ( 411 ) | ( 361 ) |
| | $ 324,516 | $ 332,923 |
| Current | $ 244,512 | $ 231,417 |
| Non-current | 80,004 | 101,506 |
| | $ 324,516 | $ 332,923 |
| Overdue receivables | | |
| Overdue receivables | $ 1,299 | $ 1,299 |
| Less: Loss allowance | ( 1,299 ) | ( 1,299 ) |
| | $ - | $ - |

Accounts receivable and Overdue receivables

The average credit period of the Company for commodity sales is 30 to 90 days, and no interest is accrued on the accounts receivable. Contracted projects are billed in accordance with the contracts, The amounts billed over one year are recorded as long-term receivables, and no interest is accrued on the accounts receivable. The policy adopted by the Company is to conduct transactions only with those who are equal to or higher than the investment grade and to attain sufficient guarantees, if necessary, to mitigate the risk of financial loss due to default. The Company uses publicly available financial information and historical transaction records to rate major customers.

In order to minimize credit risk, management of the Company is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of trade debts to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company’s credit risk was significantly reduced.

The Company recognizes the loss allowance of accounts receivable and overdue receivable according to the lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and the current financial situation. The historical experience of the Company's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of overdue days for accounts receivable are used for setting the expected credit loss rate.

The Company directly writes off related accounts receivable and overdue receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Company. The Company continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

The Company's loss allowance for trade receivable based on the provision matrix were as follows:

| | Not past due | Past due within 30 days | Past due 31 - 60 days | Past due 61 - 90 days | Past due 91 - 365 days | Past due over 365 days | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2023 | | | | | | | |
| Expected credit loss ratio | 0.1% | 3% | 6% | 10% | 50% | 100% | |
| Carrying Amount | $ 325,149 | $ 2,845 | $ - | $ - | $ - | $ 1,299 | $ 329,293 |
| Allowance for loss (loss on lifetime expected credit) | ( 326) | ( 85) | - | - | - | ( 1,299) | ( 1,710) |

| | Not past due | Past due within 30 days | Past due 31 - 60 days | Past due 61 - 90 days | Past due 91 - 365 days | Past due over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Unrealized interest income | ( 3,067) | - | - | - | - | - | ( 3,067) |
| At amortized cost | $ 321,756 | $ 2,760 | $ - | $ - | $ - | $ - | $ 324,516 |
| December 31, 2022 | | | | | | | |
| Expected credit loss ratio | 0.1% | 3% | 6% | 10% | 50% | 100% | |
| Carrying Amount | $ 336,206 | $ 825 | $ - | $ - | $ - | $ 1,299 | $ 338,330 |
| Allowance for loss (loss on lifetime expected credit) | ( 336) | ( 25) | - | - | - | ( 1,299) | ( 1,660) |
| Unrealized interest income | ( 3,747) | - | - | - | - | - | ( 3,747) |
| At amortized cost | $ 332,123 | $ 800 | $ - | $ - | $ - | $ - | $ 332,923 |

Movements in loss allowance for accounts receivable and overdue receivables are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Accounts receivable | Overdue receivables | Accounts receivable | Overdue receivables |
| Balance, beginning of year | $ 361 | $ 1,299 | $ 533 | $ 1,299 |
| Impairment loss (reversed) recognized for the year | 50 | - | ( 172 ) | - |
| Balance, end of year | $ 411 | $ 1,299 | $ 361 | $ 1,299 |

Long-term receivables expected to be collected in 2025, 2026, 2027 and 2028, are NT$22,381 thousand, NT$22,381 thousand, NT$22,380 thousand and NT$15,929 thousand, respectively.

## X. Inventories

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 48,269 | $ 88,089 |
| Work in process | 38,073 | 59,189 |
| Raw materials | 129,834 | 219,541 |
| Supplies | 5,019 | 7,180 |
| Goods in transit | 971 | 1,080 |
| | $ 222,166 | $ 375,079 |

The nature of cost of goods sold related to inventories is as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of inventory sold | $ 1,243,309 | $ 1,500,896 |
| Unallocated manufacturing expenses | 38,085 | 25,926 |
| Inventory write-down | 14,917 | 10,147 |
| | $ 1,296,311 | $ 1,536,969 |

## XI. Credit balance of investments accounted for using the equity method

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investment in subsidiaries | $ 9,535 | $ 9,868 |
| Invest in affiliated companies | 43,173 | 24,185 |
| | $ 52,708 | $ 34,053 |

(I) Investment in subsidiaries

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| FIRSTHILL LIMITED | $ 9,479 | $ 9,053 |
| BRIGHT YEH, LTD. (BRIGHT YEH, LTD) | 56 | 815 |
| UNITED RADIANT TECHNOLOGY (H.K.) CO., LTD. | ( 15,654 ) | ( 15,930 ) |
| | ( 6,119 ) | ( 6,062 ) |
| Add: Transferred to non-current liabilities | 15,654 | 15,930 |
| | $ 9,535 | $ 9,868 |

| | Percentage of ownership interest and voting rights (%) | |
|---|---|---|
| Subsidiary | December 31, 2023 | December 31, 2022 |
| FIRSTHILL LIMITED | 100 | 100 |
| BRIGHT YEH, LTD | 100 | 100 |
| UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | 100 | 100 |

Information on the subsidiaries indirectly owned by the Company is shown in Table 4 attached.

(II) Invest in affiliated companies

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Individually insignificant affiliated enterprises | Amount | sharehol ding (%) | Amount | sharehol ding (%) |
| Hongyi optical Co., Ltd. | $ 35,006 | 19.87 | $ 24,185 | 31.45 |
| IMMENSE OAK TECHNOLOGIES INC. | 8,167 | 32.53 | - | - |
| | $ 43,173 | | $ 24,185 | |

The above-mentioned related companies are individually insignificant related companies. The relevant summary information is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| The company's share | | |
| Net loss | ( $ 11,555 ) | ( $ 5,815 ) |
| Other comprehensive income (loss) | - | - |
| Total comprehensive income (loss) | ( $ 11,555 ) | ( $ 5,815 ) |

Merged company acquired NT$30,000 thousand since May 111, 31.45% shareholding of Hongyi Optical Company, which is a subsidiary of the company. The acquired company's trading income is NT$12,885 thousand , which is the origin of the affiliated investment company.

Hongyi optical Co., Ltd. increased capital in cash in May 2023, but the company did not subscribe according to the shareholding ratio, resulting in the shareholding ratio falling from 31.45% to 19.87%, and increasing the capital reserve by NT$20,543 thousand. However, the management adopted the equity method investment treatment after considering that the company's role as a director of the company has significant influence on it.

The company acquired 32.53% equity of IMMENSE OAK TECHNOLOGIES INC. in November 2023 for NT$10,000 thousand. The goodwill generated from acquiring the company was NT$ 2,635 thousand, which was included in the cost of investment in related enterprises. The company conducted an impairment assessment on the end of the financial reporting period and recognized an impairment loss of NT$ 1,054 thousand in 2023.

## XII. Property, plant and equipment

| 2023 | Buildings | Machinery & equipment | Other equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2023 | $ 422,038 | $ 1,202,142 | $ 79,764 | $ 1,703,944 |
| Additions | 11,791 | 3,273 | 3,482 | 18,546 |
| Disposals | - | ( 215) | ( 2,629) | ( 2,844) |
| Reclassifications(note) | 13,032 | 84 | - | 13,116 |
| Balance, December 31, 2023 | $ 446,861 | $ 1,205,284 | $ 80,617 | $ 1,732,762 |
| Accumulated depreciation | | | | |
| Balance at January 1, 2023 | $ 336,712 | $ 1,174,538 | $ 68,332 | $ 1,579,582 |
| Disposals | - | ( 214) | ( 2,402) | ( 2,616) |
| Depreciation expense | 6,887 | 11,907 | 3,668 | 22,462 |
| Balance, December 31, 2023 | $ 343,599 | $ 1,186,231 | $ 69,598 | $ 1,599,428 |
| Carrying amounts at December 31, 2023 | $ 103,262 | $ 19,053 | $ 11,019 | $ 133,334 |

| 2022 | Buildings | Machinery & equipment | Other equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2022 | $ 422,038 | $ 1,194,739 | $ 75,477 | $ 1,692,254 |
| Additions | - | 1,913 | 5,218 | 7,131 |
| Disposals | - | ( 1,729) | ( 1,988) | ( 3,717) |
| Reclassifications(note) | - | 7,219 | 1,057 | 8,276 |
| Balance, December 31, 2022 | $ 422,038 | $ 1,202,142 | $ 79,764 | $ 1,703,944 |
| Accumulated depreciation | | | | |
| Balance at January 1, 2022 | $ 330,692 | $ 1,164,541 | $ 66,957 | $ 1,562,190 |
| Disposals | - | ( 1,306) | ( 1,988) | ( 3,294) |
| Depreciation expense | 6,020 | 11,303 | 3,363 | 20,686 |
| Balance, December 31, 2022 | $ 336,712 | $ 1,174,538 | $ 68,332 | $ 1,579,582 |
| Carrying amounts at December 31, 2022 | $ 330,692 | $ 1,164,541 | $ 66,957 | $ 1,562,190 |

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

In 2023 and 2022, no impairment losses were recognized or reversed.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20 to 40 years |
| Others | 1 to 32 years |
| Machinery & equipment | 1 to 8 years |
| Other equipment | 2 to 20 years |

## XIII. Lease Arrangements

(I) Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts | | |
| Land | $ 4,892 | $ 5,533 |
| Buildings | 76 | 293 |
| Transportation Equipment | 2,254 | - |
| | $ 7,222 | $ 5,826 |

| | 2023 | 2022 |
|---|---|---|
| Additions to right-of-use assets | $ 2,798 | $ - |
| Depreciation of right-of-use assets | | |
| Land | $ 641 | $ 640 |
| Buildings | 217 | 218 |
| Transportation Equipment | 544 | - |
| | $ 1,402 | $ 858 |

(II) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts | | |
| Current | $ 1,626 | $ 833 |
| Non-current | $ 5,769 | $ 5,129 |

Discount rates for lease liabilities are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 1.75% | 1.75% |
| Buildings | 2% | 2% |
| Transportation Equipment | 2% | |

(III) Material lease terms

The Company leases transportation equipment for transportation use. The lease term is 3 years. The Company does not have a purchase option to acquire the leased land and buildings at the end of the lease term.

The Company leases some land and buildings for the use of factories, offices and warehouses. The lease terms are 2 to 10 years. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(IV) Other lease information

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $ 1,199 | $ 774 |
| Total cash outflow for leases | ($ 2,692) | ($ 1,705) |

For other equipment which qualify as short-term leases, the Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

## XIV. Intangible assets

| 2023 | Computer software |
|---|---|
| Cost | |
| Balance as of January 1, 2023 | $ 21,498 |
| obtained separately | 1,359 |
| Punishment | ( 4,566) |
| Balance as of December 31, 2023 | $ 18,291 |
| Accumulated amortization | |
| Balance as of January 1, 2023 | $ 12,770 |
| Amortization fee | 3,485 |
| Punishment | ( 4,566) |
| Balance as of December 31, 2023 | $ 11,689 |
| Net as of December 31, 2023 | $ 6,602 |

| 2022 | Computer software |
|---|---|
| Cost | |
| Balance as of January 1, 2022 | $ 19,631 |
| obtained separately | 1,557 |
| Reclassification (note) | 1,305 |
| Punishment | ( 995) |
| Balance as of December 31, 2022 | $ 21,498 |
| Accumulated amortization | |
| Balance as of January 1, 2022 | $ 10,682 |
| Amortization fee | 3,083 |
| Punishment | ( 995) |
| Balance as of December 31, 2022 | $ 12,770 |
| Net as of December 31, 2022 | $ 8,728 |

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

Intangible assets were amortized on a straight-line basis over their useful lives between 3 to 10 years.

License fee for each function:

| | 2023 | 2022 |
|---|---|---|
| Operating cost | $ 990 | $ 1,002 |
| Selling expenses | 190 | 167 |
| General and administrative expenses | 1,496 | 1,271 |
| R&D expenses | 809 | 643 |
| | $ 3,485 | $ 3,083 |

## XV. Other payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payables for salaries and bonus | $ 30,813 | $ 33,520 |
| Payables for factory supplies | 9,131 | 22,239 |
| Remuneration to employees | 8,572 | 23,123 |
| Remuneration to directors and supervisors | 4,613 | 13,022 |
| Payables for annual leave | 7,183 | 9,681 |
| Prepayments for business facilities | 2,002 | 4,266 |
| Others | 16,262 | 13,016 |
| | $ 78,576 | $ 118,867 |

## XVI. Retirement benefit plans

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plan

The Company adopted a defined benefit plan under the Labor Standards Act (the "LSA"), which is a state-managed defined benefit plan. Under the LSA, pension benefits are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the supervisory committee of workers' retirement reserve fund. Pension contributions are deposited in the Bank of Taiwan in the committees' name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Company is required to fund the difference in a one-time appropriation that shall be made before the end of March of the following year. The funds are operated and managed by the Bureau of Labor Funds, MOL; as such, the Company does not have any right to intervene in the investments of the funds.

The amount of defined benefit plans included in the parent company only balance sheets were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 140,095 | $ 147,373 |
| Fair value of plan assets | ( 104,815 ) | ( 110,586 ) |
| Net defined benefit liability | $ 35,280 | $ 36,787 |

Changes in net defined benefit liability are as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| January 1, 2023 | $ 147,373 | ($ 110,586) | $ 36,787 |
| Service Cost | | | |
| Current service cost | 218 | - | 218 |
| Interest expenses (income) | 2,211 | ( 1,676) | 535 |
| Recognized in profit or loss | 2,429 | ( 1,676) | 753 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 684) | ( 684) |
| Actuarial (gain) loss | | | |
| - arising from changes in financial assumptions | 3,373 | - | 3,373 |
| - arising from experience adjustments | ( 745) | - | ( 745) |
| Other comprehensive income (loss) | 2,628 | ( 684) | 1,944 |
| Benefits paid directly by the Company | - | ( 4,204) | ( 4,204) |
| Benefits paid | ( 12,335) | 12,335 | - |
| December 31, 2023 | $ 140,095 | ($ 104,815) | $ 35,280 |
| January 1, 2022 | $ 174,959 | ($ 102,910) | $ 72,049 |
| Service Cost | | | |
| Current service cost | 458 | - | 458 |
| Interest expenses (income) | 1,093 | ( 650) | 443 |
| Recognized in profit or loss | 1,551 | ( 650) | 901 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 8,122) | ( 8,122) |
| Actuarial (gain) loss | | | |
| - arising from changes in demographic assumptions | 307 | - | 307 |
| - arising from changes in financial assumptions | ( 14,226) | - | ( 14,226) |
| - arising from experience adjustments | ( 4,444) | - | ( 4,444) |
| Other comprehensive income (loss) | ( 18,363) | ( 8,122) | ( 26,485) |
| Benefits paid directly by the Company | - | ( 9,678) | ( 9,678) |
| Benefits paid | ( 10,774) | 10,774 | - |
| December 31, 2022 | $ 147,373 | ($ 110,586) | $ 36,787 |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating cost | $ 529 | $ 632 |
| Selling expenses | 41 | 51 |
| General and administrative expenses | 117 | 118 |
| R&D expenses | 66 | 100 |
| | $ 753 | $ 901 |

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.25% | 1.50% |
| Expected salary increase rate | 2.50% | 2.50% |

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as shown below:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| 0.25% increase | ($ 3,373) | ($ 3,742) |
| Decrease 0.25% | $ 3,493 | $ 3,880 |
| Expected salary increase rate | | |
| 0.25% increase | $ 3,389 | $ 3,773 |
| Decrease 0.25% | ($ 3,290) | ($ 3,658) |

The sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| The expected contributions to the plan for the next year | $ 2,112 | $ 2,280 |
| The average duration of the defined benefit obligation | 9.8 年 | 10.3 年 |

## XVII. EQUITY

(I) Common shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Authorized shares (in thousands) | 315,500 | 315,500 |
| Authorized capital | $ 3,155,000 | $ 3,155,000 |
| Number of shares issued and fully paid (in thousands) | 106,352 | 106,352 |
| Issued capital | $ 1,063,518 | $ 1,063,518 |

(II) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Treasury stock transactions | $ 16,072 | $ 16,072 |
| May be used to offset deficit only | | |
| Stock options that have expired | 1,268 | 1,268 |
| Changes in related enterprises recognized using the equity method | 20,543 | - |
| | $ 37,883 | $ 17,340 |

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

(III) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, if the Company makes profit, it shall pay the tax and make up for the accumulative losses, and the allocate 10% of the balance as the legal reserve; however, the requirement does not apply when the accumulated legal reserve has reached the total capital of the Company. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings. In accordance with Article 240(5) of the Company Act, the Board of Directors is authorized to resolve, by a resolution adopted by a two-thirds majority of the directors present who represent two-thirds or more of the directors, to distribute all or part of the dividends and bonuses or legal reserve and capital reserve under Article 241(1) of the Company Act in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, For employee and director remuneration distribution policies stipulated in the company's articles of association, please refer to Note 19-5 Employee remuneration and director remuneration.

The Company's dividend policy in Articles of Incorporation is to distribute dividends to shareholders at a rate of not less than 30% of available earnings for the year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the shareholders' interests. The dividend may be distributed in cash or in shares; the cash dividend shall not be less than 20% of the total dividends paid.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

The appropriations of 2022 and 2021 earnings appropriations were as follows:

| | 2022 | 2021 |
|---|---|---|
| Statutory reserves | $ 28,119 | $ 22,381 |
| (Reversal) of special reserve | 92,930 | ( 24,351 ) |
| Cash dividend | 191,433 | 138,257 |
| Cash dividend per share (NT$) | 1.8 | 1.3 |

The above cash dividends have been resolved by the board of directors in February 2023 and February 2022, respectively, and the remaining appropriations of earnings will be resolved by the shareholders' meeting in May 2023 and May 2022, respectively.

The appropriations of earnings for 2023 had been proposed by the Company's board of directors on February 23, 2024:

| | 2023 |
|---|---|
| Statutory reserves | $ 8,867 |
| Reversal of special reserve | ( 42,163 ) |
| Cash dividend | 85,081 |
| Cash dividend per share (NT$) | 0.8 |

The above cash dividends have been resolved by the board of directors. The remaining items are subject to the resolution of the shareholders' meeting scheduled to be held in May 2024.

## XVIII. Operating income

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from the sale of goods | $ 1,556,440 | $ 1,947,341 |
| Construction revenue | 1,383 | 1,340 |
| | $ 1,557,823 | $ 1,948,681 |

(I) Contract balances

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Accounts receivable (Note 9) | $ 244,512 | $ 231,417 | $ 277,504 |
| Long-term accounts receivable (Note 9) | 80,004 | 101,506 | 123,045 |
| | $ 324,516 | $ 332,923 | $ 400,549 |
| Contract liabilities - current | | | |
| Merchandise sales | $ 22,422 | $ 24,586 | $ 30,098 |
| Contract liabilities - non-current | | | |
| Construction revenue | $ 4,753 | $ 6,168 | $ 7,551 |

(II) Assets recognized for contract costs

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Cost to fulfill contract | $ 1,288 | $ 1,259 |
| Non-current | | |
| Cost to fulfill contract | $ 4,330 | $ 5,618 |

## XIX. Net Income

(I) Other benefits and losses

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Disposal of interests in real property, plant and equipment | $ 439 | $ 570 |
| Net foreign currency exchange gains (losses) | ( 6,131 ) | 58,924 |
| | ( $ 5,692 ) | $ 59,494 |

(II) Financial costs

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank borrowing interest | $ - | $ 267 |
| Interest on lease liabilities | 128 | 113 |
| | $ 128 | $ 380 |

(III) Other income

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| dividend income | $ 7,834 | $ 18,941 |
| other | 6,590 | 11,578 |
| | $ 14,424 | $ 30,519 |

(IV) Employee benefits, depreciation and amortization expenses

| By nature | For Operating costs | For Operating costs | Total |
|---|---|---|---|
| 2023 | | | |
| Employee benefit expenses | | | |
| Wages and salaries | $ 144,358 | $ 86,100 | $ 230,458 |
| Labor and health insurance expenses | 18,711 | 9,048 | 27,759 |
| Pension expense | | | |
| Defined contribution plans | 6,963 | 4,576 | 11,539 |
| Defined benefit plan | 529 | 224 | 753 |
| Remuneration of directors | - | 6,007 | 6,007 |
| Other employee benefits | 10,430 | 7,003 | 17,433 |
| Depreciation expense | 17,468 | 6,396 | 23,864 |
| Amortization expense | 990 | 2,495 | 3,485 |
| 2022 | | | |
| Employee benefit expenses | | | |
| Wages and salaries | $ 172,673 | $ 93,762 | $ 266,435 |
| Labor and health insurance expenses | 19,018 | 8,915 | 27,933 |
| Pension expense | | | |
| Defined contribution plans | 7,404 | 4,603 | 12,007 |
| Defined benefit plan | 632 | 269 | 901 |
| Remuneration of directors | - | 14,342 | 14,342 |
| Other employee benefits | 11,438 | 9,130 | 20,568 |
| Depreciation expense | 15,413 | 6,131 | 21,544 |
| Amortization expense | 1,002 | 2,081 | 3,083 |

Note: In 2023 and 2022, the company did not have a supervisor, so there was no relevant remuneration for the supervisor.

There were 475 and 513 employees in 2023 and 2022, respectively. The number of directors who are not part-time employees is 5 and 6 respectively. The basis of calculation is consistent with the employee benefit expense.

The average employee benefit expenses for 2023 and 2022 were $613 thousand and $647 thousand, respectively; the average employee salary expenses were $490 thousand and $526 thousand, respectively, and the average salary expenditure of employees in 2023 will be reduced by 7% compared with 2022.

Remuneration Policy

1. The total amount of remuneration to directors is allocated in accordance with the Company's Articles of Incorporation. It shall be reviewed by the Remuneration

Committee, resolved and approved by the Board of Directors, and reported to the shareholders' meeting.

2. Employees' compensation and remuneration to directors and supervisors shall be allocated when the Company makes profit in the year, and no less than 6% of the profit in the year shall be allocated to employees' compensation and no more than 4% to remuneration to directors and supervisors.
3. When the Company allocates the employees' compensation and remuneration to directors, the Company shall conduct annual performance evaluation for each director and manager (including employees) in accordance with the "Regulations Governing the Remuneration to Directors " and the "Regulations Governing the Evaluation of Employees", and shall pay reasonable remuneration to directors and managers (including employees) based on their individual performance results.
4. In order to achieve the Company's operating objectives, the Company conducts annual performance evaluations on each manager (including employees) according to its regulations, and pays reasonable compensation to managers (including employees) based on their individual performance results. The performance evaluation criteria are based on the company's business objectives and the evaluation results are determined whether or not the objectives have been accomplished. The Company takes into account the remuneration system of the peer companies and the company's employee benefit policy to evaluate and formulate the remuneration policy. Compensation standard is determined based on the manager's (including employees') job performance and contribution, job value, the company's operating condition, and salary standard in the industry.
5. The Company has established a Remuneration Committee to review and revise the policies, systems, standards and structures of performance evaluation and remuneration for directors and managers on a regular basis.

(V) Remuneration to employees and directors

According to the Articles of Incorporation, the article stipulates the Company distributed employees’ compensation and remuneration of directors at the rates no less than 6% and no higher than 4%, respectively, of the pre-tax profit prior to deducting employees’ compensation and remuneration of directors. The employees’ compensation and remuneration to directors for the years ended December 31, 2023 and 2022 which have been resolved by the Company’s board of directors on February, 2024 and 2023, respectively, were as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Cash | Accrual rate | Amount | Accrual rate | Amount |
| Employees’ compensation | 6.82% | $ 8,572 | 6.54% | $ 23,123 |
| Remuneration to directors and supervisors | 3.67% | 4,613 | 3.68% | 13,022 |

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees’ compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the employees’ compensation, directors and supervisors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## XX. Income tax

(I) Income tax recognized in profit or loss

Income tax expense (gain) consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Current income tax | | |
| In respect of the current year | $ 27,861 | $ 55,269 |
| Undistributed Earnings Levy | - | 2,395 |
| Income tax adjustments on prior years | ( 26 ) | 2 |
| Deferred tax | | |
| In respect of the current year | ( 5,533 ) | 6,913 |
| Income tax expense (benefit) recognized in profit or loss | $ 22,302 | $ 64,579 |

A reconciliation of income before income tax and income tax (expense) benefit was as follows:

| | 2022 | 2021 |
|---|---|---|
| Income tax expense calculated at the statutory rate | $ 22,504 | $ 63,533 |
| Tax-exempt income | ( 1,633 ) | ( 3,788 ) |
| Realized investment losses | ( 869 ) | - |
| Non-deductible expense losses | 2,311 | 1,163 |
| Addition and deduction of salary expenses during the employee's acceptance of calling for leave | ( 1 ) | ( 3 ) |
| Undistributed Earnings Levy | - | 2,395 |
| Unrecognized deductible temporary differences | 16 | 1,277 |
| Income tax adjustments on prior years | ( 26 ) | 2 |
| Income tax expense (benefit) recognized in profit or loss | $ 22,302 | $ 64,579 |

(II) Movement in deferred income tax assets

| 2023 | Balance, beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Balance, end of year |
|---|---|---|---|---|
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Inventory write-down | $ 6,017 | $ 793 | $ - | $ 6,810 |
| Defined benefit obligation | 7,357 | ( 690 ) | 389 | 7,056 |
| Payables for annual leave | 1,936 | ( 500 ) | - | 1,436 |
| Unrealized exchange losses | - | 1,789 | - | 1,789 |
| Others | 2,203 | 1,102 | - | 3,305 |
| | $ 17,513 | $ 2,494 | $ 389 | $ 20,396 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange benefits | $ 3,039 | ( $ 3,039 ) | $ - | $ - |
| 2022 | | | | |
| Deferred income tax assets | | | | |

| 2023 | Balance, beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Balance, end of year |
|---|---|---|---|---|
| Temporary differences | | | | |
| Inventory write-down | $ 5,703 | $ 314 | $ - | $ 6,017 |
| Defined benefit obligation | 14,410 | ( 1,756) | ( 5,297) | 7,357 |
| Payables for annual leave | 2,012 | ( 76) | - | 1,936 |
| Unrealized exchange losses | 2,686 | ( 2,686) | - | - |
| Others | 1,873 | 330 | - | 2,203 |
| | $ 26,684 | ($ 3,874) | ($ 5,297) | $ 17,513 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange benefits | $ - | $ 3,039 | $ - | $ 3,039 |

(III)Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the parent company only balance sheet

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Deductible temporary differences | | |
| Investments accounted for using the equity method | $493,852 | $ 493,531 |

(IV) Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

## XXI. Earnings per share

| | NET INCOME | (in thousands) | Earnings per share (NT$) |
|---|---|---|---|
| 2023 | | | |
| Basic Earnings Per Share | | | |
| Net income available to common shareholders | $ 90,221 | 106,352 | $ 0.85 |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 627 | |
| Diluted Earnings Per Share | | | |
| Net income available to common shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 90,221 | 106,979 | $ 0.84 |
| 2022 | | | |
| Basic Earnings Per Share | | | |
| Net income available to common shareholders | $ 253,089 | 106,352 | $ 2.38 |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 1,655 | |
| Diluted Earnings Per Share | | | |
| Net income available to common shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 253,089 | 108,007 | $ 2.34 |

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## XXII.CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged during the reporting period.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, retained earnings, other equity and non-controlling interests).

The Company is not subject to any externally imposed capital requirements.

Key management of the Company reviews the capital structure quarterly. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management, the Company may seek to pay off its debts and manage its current assets to balance its overall capital structure.

## XXIII.Financial instrument

(I) Fair value of financial instruments - Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values or the fair values cannot be reliably measured.

(II) Fair value of financial instruments - Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value measurements

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income or loss | | | | |
| Investments in equity instruments | | | | |
| - Domestic listed shares | $ 384,305 | $ - | $ - | $ 384,305 |
| - Foreign unlisted shares | - | - | 17,570 | 17,570 |
| - Domestic unlisted shares | - | - | 7,014 | 7,014 |
| Total | $ 384,305 | $ - | $ 24,584 | $ 408,889 |

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income or loss | | | | |
| Investments in equity instruments | | | | |
| - Domestic listed shares | $ 344,345 | $ - | $ - | $ 344,345 |
| - Foreign unlisted shares | - | - | 17,151 | 17,151 |
| - Domestic unlisted shares | - | - | 5,252 | 5,252 |
| Total | $ 344,345 | $ - | $ 22,403 | $ 366,748 |

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial assets

| Financial assets at fair value through other comprehensive income or loss - equity instruments | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 22,403 | $ 22,263 |
| Recognized in other comprehensive profit or loss (unrealized valuation gains or losses on financial assets at fair value through other comprehensive profit or loss) | 2,181 | ( 635 ) |
| Purchase | - | 775 |
| Balance, end of year | $ 24,584 | $ 22,403 |

3. Valuation techniques and input used in Level 2 fair value measurement

Market approach or income approach is used to value unlisted domestic and foreign equity investments. The market approach is used as a reference to evaluate the subject company's value to a comparable company. The income approach is based on the discounted cash flow method to calculate the present value of the expected gain or loss for holding the investment.

(III) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial Assets | | |
| Financial assets at amortized cost (Note 1) | $ 1,033,978 | $ 1,091,055 |
| Financial assets at fair value through other comprehensive income or loss - Investments in equity instruments | 408,889 | 366,748 |
| Financial Liabilities | | |
| At amortized cost (Note 2) | 181,428 | 225,896 |

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, long-term receivables, and overdue receivables which are measured at amortized cost.

Note 2: The balance includes notes payable, accounts payable, other payables and guarantee deposits, which are measured at amortized cost.

(IV)Financial risk management objectives and policies

The Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable and lease liabilities. The Company’s finance department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk ,interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks faced by the Group's operating activities are changes in foreign currency exchange rates, interest rate changes and other price risks.

There has been no changes to the Company’s exposure to market risks or the manner in which these risks were managed and measured.

(1) Exchange rate risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. A significant portion of the Company's sales are not denominated in the functional currency used in the transactions. Exchange rate

exposures were managed within approved policy parameters utilizing derivative financial instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 26.

Sensitivity analysis

The Company was mainly exposed to the USD.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and the amount that would change pre-tax net income at the end of the year when translated into New Taiwan dollars at a 1% change in foreign currencies. 1% represents management's assessment of the reasonably possible change in foreign exchange rates.

| | Effect of changes in foreign exchange rates on profit or loss | |
|---|---|---|
| Type of Currency | 2023 | 2022 |
| USD | $ 4,938 | $ 7,235 |

The above amounts are mainly derived from the US dollar-denominated cash and cash equivalents, receivables and payables of the combined company that are still outstanding on the balance sheet date and have not been used for cash flow hedging.

The combined company's sensitivity to exchange rates decreased during the year, mainly due to the decrease in cash and equivalent cash positions denominated in US dollars.

(2) Interest rate risk

The Company has been exposed to interest rate risk due to the deposits and borrowings at fixed and floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| Financial Assets | $ 620,449 | $ 498,381 |
| Financial Liabilities | 7,395 | 5,962 |
| Cash flow interest rate risk | | |
| Financial Assets | 135,789 | 329,483 |

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the changes in fair value of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rates had been 1% higher or lower and all other variables were held constant, Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased or decreased by $1,358 thousand and $3,295 thousand, respectively.

The Company's sensitivity to interest rates decreased during the year, mainly due to the decrease in variable interest rate debt instruments.

(3) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. If the equity price changes by 1%, other comprehensive income before tax will be changed by NT$4,089 thousand and NT$-3,667 thousand in 2023 and 2022, respectively, due to the change in financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company' s credit risk is mainly concentrated in the five largest customers. As of December 31, 2023 and 2022, the accounts receivable from these customers accounted for 70% and 40% of the total amounts, respectively.

3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of financing facilities and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities of NT$405,000 thousand .

The following liquidity and interest rate risk tables illustrate the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables includes both interest and principal cash flows.

| Non-derivative financial liabilities | Less than 1 year | 1 to 5 years | 5 to 10 years | 10 to 15 years |
|---|---|---|---|---|
| December 31, 2023 | | | | |
| Non-interest bearing liabilities | $ 171,140 | $ 7,663 | $ 2,625 | $ - |
| Lease liabilities | 1,745 | 3,865 | 1,601 | 676 |
| | $ 172,885 | $ 11,528 | $ 4,226 | $ 676 |
| December 31, 2022 | | | | |
| Non-interest bearing liabilities | $ 215,605 | $ 7,666 | $ 2,625 | $ - |
| Lease liabilities | 931 | 2,812 | 1,854 | 901 |
| | $ 216,536 | $ 10,478 | $ 4,479 | $ 901 |

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

## XXIV. Related Party Transactions

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(I) Related party name and categories

| Related Party Name | Relationship with the Company |
|---|---|
| LEADRAY ENERGY CO., LTD. (LEADRAY ENERGY) | Other related party(Not a related person since the end of September 2023) |
| Hongyi optical Co., Ltd. | Affiliated enterprises |
| IMMENSE OAK TECHNOLOGIES INC. | Affiliated enterprises |

(II) Operating revenue

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 970 | $ 3,825 |

There is no similar transaction between the company's sales to affiliated companies and non-related parties for comparison.

(III) Operating expenses

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 62 | $- |

(IV) Other income

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Other related party | $ 290 | $ 364 |
| Affiliated enterprises | 287 | 248 |
| | $ 577 | $ 612 |

The company's other income from related parties mainly comes from the sale of samples and other income.

(V) Accounts receivable

| Related Party Name/Categories | 2023 | 2022 |
|---|---|---|
| Affiliated enterprises | $ 468 | $- |

There is no collection guarantee for outstanding accounts receivable. No provision for losses was made in accounts receivable in 2023.

(VI) Other receivables

| Related Party Categories/Name | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Subsidiaries | | |
| UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | $ 25,590 | $ 25,594 |
| Other related party | 2,547 | 364 |
| Affiliated enterprises | 4 | 45 |
| | 28,141 | 26,003 |
| Less: Allowance for losses | ( 2,183 ) | - |
| | $ 25,958 | $ 26,003 |

The other receivables mentioned above are the accounts receivable from UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. HK has deferred the payment due to its capital needs resulting in the accounts were aged over the credit period; therefore, the accounts were transferred to other receivables.

There is no collection guarantee for other receivables outstanding. Provision losses for other receivables in 2023 and 2022 were NT$ 2,183 thousand and NT$ 0 thousand respectively.

(VII) Other receivables

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | | |
| LEADRAY ENERGY | $ - | $ 1,044 |

(VIII)Contract liabilities - current

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Affiliated enterprises | $ 39 | $ 950 |

(IX) Accounts payable

| Related Party Name/Categories | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | $ 12,051 | $ 12,051 |

The outstanding accounts payable to related parties are unsecured.

(X) Other payables

| Related Party Categories/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | $ 5,900 | $ 5,900 |
| Subsidiaries | - | 823 |
| | $ 5,900 | $ 6,723 |

This is the outstanding amount of the processing fee.

(XI) Guarantee deposits

| Related Party Categories/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other related party | | |
| LEADRAY ENERGY | $ 9,441 | $ 9,441 |

(XII) Compensation of key management personnel

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 25,777 | $ 32,564 |
| Retirement benefits | 424 | 419 |
| | $ 26,201 | $ 32,983 |

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

## XXV. Pledged Assets

The following assets have been provided as collateral for obligation to banks and Taichung Customs, Customs Administration, Ministry of Finance:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Pledged time deposits (recognized as financial assets at amortized cost) | $ 13,000 | $ 13,000 |

## XXVI. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

There is a dispute between UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. and Bo Yi Electronics Company in Bo Luo County, Guang Dong, China over the land use right and the property on the ground (recognized as right-of-use assets and property, plant and equipment). The land is located in Chizhukeng Area of Tangquan Forestry Farm, Luoyang Town, Luo County, Guangdong Province, with a total area of 16,667 square meters, of which UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. has an equity interest of 7,000 sq.m. (approximately 42%) and Bo Yi Electronics Company has an equity interest of 9,667 sq.m. (approximately 58%), and the state-owned land use certificate and real estate title certificate are registered under the name of Bo Yi Electronics Company. UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. decided to pursue legal proceedings to preserve its own rights, it has appointed an attorney to handle the dispute and filed a lawsuit in August 2017. The Company prevailed in the first trial in October 2020, but Bo Yi Electronics filed an appeal in December 2020. The appeal was remanded to the local intermediate people's court in October 2021, In June 2023, the court rejected the request of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd., so UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. appealed to the Higher People's Court in July 2023. However, both parties have signed a settlement agreement on November 27, 2023, and both parties are required to fulfill confidentiality obligations regarding the agreement. The merger company assesses that it will not have a significant impact on the operations of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd..

## XXVII. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence is as follows:

| Foreign currency assets | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| Monetary items | | | | | | |
| USD | $ 18,937 | 30.705 | $ 581,466 | $ 27,008 | 30.71 | $ 829,403 |
| Non-monetary items | | | | | | |
| Subsidiaries accounted for using the equity method | | | | | | |
| USD | 310 | 30.705 | 9,535 | 321 | 30.71 | 9,868 |
| Financial assets at fair value through other comprehensive income or loss | | | | | | |
| EUR | 537 | 33.98 | 17,570 | 537 | 32.72 | 17,151 |
| Foreign currency liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 2,855 | 30.705 | 87,670 | 3,449 | 30.71 | 105,930 |
| Non-monetary items | | | | | | |
| Subsidiaries accounted for using the equity method | | | | | | |
| HKD | 3,989 | 3.929 | 15,654 | 4,048 | 3.938 | 15,930 |

The company's realized and unrealized exchange gains and losses in 2023 and 2022 are NT$(6,131) thousand and NT$58.924 million respectively.

## XXVIII. Supplementary Disclosures

(I) Significant transactions information:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 2 attached.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Information about the derivative instruments transaction: None .

(II) Information on investees: See Table 3 attached

(III) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 4 attached.
2. Significant direct or indirect transactions with the investee, its prices, terms of payment, and unrealized gain or loss:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
   (6) Other transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(IV) Information of major shareholder: shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

United Radiant Technology Corporation and Subsidiaries
Financings provided
For the Years Ended December 31, 2023

TABLE 1

Unit: NT$ thousand

| Serial No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance for the Year | Balance, end of year | Amount Amount | Interest rate Range | Nature for Financing | Transaction Amounts | Reason for Financing | Allowance for Bad Debt | Collateral | | Financing Limits for Each Borrowing Company (Note) | Financing Company's Total Financing Amount Limits (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Other receivables | Y | $ 27,024 | $ 25,590 | $ 25,590 | - | Transaction Amounts | $ - | $ | $ - | $ | $ - | $ 155,621 | $ 622,482 |

Note: The limit on lending funds provided each borrowing company is up to 10% of the net worth and the total limit shall not exceed 40% of the net worth.

United Radiant Technology Corporation and Subsidiaries
Marketable Securities Held
DECEMBER 31, 2023

TABLE 2

Unit: NT$ thousand

| Held Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | December 31, 2021 | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares (in thousands) | Carrying Amount | Percentage of Ownership (%) | plan assets | |
| The Company | Stocks | | | | | | | |
| | Taiwan Cement Corporation | None | Financial assets at fair value through other comprehensive income or loss - current | 3,739,756 | $ 130,330 | - | $ 130,330 | |
| | Fubon Financial Holding Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - current | 1,875,137 | 121,509 | - | 121,509 | |
| | Cathay Financial Holdings Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - current | 2,487,723 | 113,813 | - | 113,813 | |
| | Asia Cement Corporation | None | Financial assets at fair value through other comprehensive income or loss - current | 450,000 | 18,653 | - | 18,653 | |
| | Miortech Holding B.V. | None | Financial assets at fair value through other comprehensive income or loss - non-current | 22,154 | 17,570 | 9 | 17,570 | |
| | LEADRAY ENERGY | Other related party | Financial assets at fair value through other comprehensive income or loss - non-current | 567,063 | 7,014 | 2 | 7,014 | |
| | Chungyo Department Store | None | Financial assets at fair value through other comprehensive income or loss - non-current | 3,567 | - | - | - | |
| | Friendly International Enterprise Co., Ltd. | None | Financial assets at fair value through other comprehensive income or loss - non-current | 56,933 | - | - | - | |

United Radiant Technology Corporation and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

For the Years Ended December 31, 2023

TABLE 3

Unit: NT$ thousand

| Investor Company | Investee Company (Note) | Location | Main businesses | Original Investment Amount | | Balance as of December 31, 2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income (loss) recognized by the Company for the year ended December 31, 2023 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares (in thousands) | Percentage of Ownership | Carrying Amount | | | |
| The Company | FIRSTHILL LIMITED | British Virgin Islands | Investment | $ 625 | $ 625 | 197,414 | 100 | $ 9,479 | $ 433 | $ 433 | Subsidiary |
| | BRIGHT YEH, LTD | British Virgin Islands | Investment | 12,643 | 12,643 | 2,000 | 100 | 56 | ( 755) | ( 755) | Subsidiary |
| | UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. | Hong Kong | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules | 152,525 | 152,525 | 36,495,000 | 100 | ( 15,654) | 243 | 243 | Subsidiary |
| | Hongyi optical Co., Ltd. | Taiwan | Manufacture, processing and sales of light-emitting components | 30,000 | 30,000 | 2,500,000 | 19.87 | 35,006 | ( 41,662) | ( 9,722) | Affiliated enterprises |
| | IMMENSE OAK TECHNOLOGIES INC.. | Taiwan | HMI Planning, R&D and Sales | 10,000 | - | 1,000,000 | 32.53 | 8,167 | ( 10,227) | ( 1,833) | Affiliated enterprises |

Note: Please refer to Table 4 for information on investees in mainland China.

United Radiant Technology Corporation and Subsidiaries
Information on investment in Mainland China:
For the Years Ended December 31, 2023

TABLE 4

Unit: In thousand NT$ or Foreign currency

| Investee Company | Main businesses | Total Amount of Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows for the year ended December 31, 2022 | | December 31, 2022 from Taiwan as of January 1, 2022 | Net profit (loss) of the investee for the year ended Maximum Balance December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2) | Carrying Amount Carrying Amount | Accumulated Inward Remittance of Earnings as of December 31, 2022 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Bright Yeh Technology (Huizhou) Co., Ltd. | Manufacture, processing and sales of all kinds of liquid crystal displays and their modules | $ 12,643 (USD 400). | (Note 1) | $ 12,643 (USD 400). | $ - | $ - | $ 12,643 (USD 400). | ($ 755) | 100% | ($ 755) | $ 56 | $ - | |

| Accumulated Amount of Remittance from Taiwan to Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Ceiling on Investments in Mainland China Imposed by the Investment Commission, MOEA (Note 3) |
|---|---|---|
| $ 342,995 ( USD 10,400 ) | $ 12,643 ( USD 400 ) | $ 933,724 |

Note 1: The Company invested in China through a third-party company (third-party company: BRIGHT YEH directly invested in China).
Note 2: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.
Note 3: The calculation of the limit is In accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China.

## Quality Policy

Respect Specification to ensure the quality can be achieved.

Strengthen communication to satisfy the customer's expectation.

Continuous improve for total customer satisfaction.

## Environment Safety and Health Policy

Promote the perspectives and comply with regulations.

Utilize resources and prevent pollution.

Ensure security and preclude occupational hazards.

Be responsible and continue the improvement.

## Corporate Social Responsibility Policy

Implementation of corporate governance to comply with corporate social responsibility.

Safeguard the interests of employees to provide a safe and healthy workplace.

Care for Environmental Protection and committed to the efficient use of resources.

Create economic actively participate in social welfare activities.

**United Radiant Technology Corporation**
**Responsible Person:**
**Mon-Han, Wu**

April 25, 2024

U.R.T.

UNITED RADIANT TECHNOLOGY CORPORATION

光聯科技股份有限公司

創　新　INNOVATION
速　度　SPEED
承　諾　COMMITMENT