



U.D. ELECTRONIC CORP. 2023 Annual Shareholders' Meeting

Meeting Handbook

Date: June 26, 2023

Location: No. 108, Sec. 1, Nankan Road, Luzhu
District, Taoyuan City (Monarch Skyline
Hotel)

Table of Contents

One. Meeting Agenda	1
Two. Report items	2
Three. Ratifications	4
Four. Discussions	5
Five. Elections	6
Six. Other proposals	7
Seven. Extraordinary motions	7
Eight. Attachments	
I. 2022 Business Report	8
II. 2022 Audit Committee's Review Report	11
III. Independent Auditors' Report and Financial Statements for 2022 (including Consolidated Financial Statements)	12
IV. 2022 earnings distribution table	32
V. Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties	33
VI. Comparison of the provisions before and after the amendment of the "Articles of Incorporation"	44
VII. Comparison of the provisions before and after the amendments to the "Rules of Procedure of Shareholders' Meetings"	46
VIII. Comparison of Amendments to the "Procedures for the Acquisition and Disposal of Assets"	49
IX. The Director and Independent Director Candidate List	56
X. On the Release of New Directors and their Representatives from Non-compete Restrictions	59
XI. The Articles of Incorporation of the Company	60
XII. Rules of Procedure for Shareholder Meetings	69
XIII. Procedures for the Acquisition and Disposal of Assets	84
XIV. Regulations Governing the Election of Directors	110
XV. Shareholding of All Directors	113

U.D. ELECTRONIC CORP.

2023 Annual Shareholders' Meeting Agenda

Time: Monday, June 26, 2023 (9:00 a.m.)

Location: No. 108, Sec. 1, Nankan Road, Luzhu District, Taoyuan City (Monarch Skyline Hotel)

Form: Physical

I. Call to order

II. Chairman's opening remarks

III. Report items

(I.) 2022 Business Report

(II.) Audit Committee's Review Report for 2022

(III.) Report on the distribution of employees' and directors' remuneration in 2022.

(IV.) 2022 Earnings distribution report

(V) Report on the issuance of the Company's domestic secured convertible bonds.

(VI.) Report on amendments to "Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties"

IV. Ratifications

(I) 2022 Business Report and financial statements

(II) 2022 earnings distribution table

V. Discussions

(I) Amendments to certain provisions of the "Articles of Incorporation".

(II) Amendments to certain provisions of the "Rules and Procedures of Shareholders' Meeting"

(III) Amendments to the "Procedures for the Acquisition and Disposal of Assets".

VI. Elections

Reelection of directors

VII. Other proposals

Matters pertaining to the release of new directors and their representatives from non-compete restrictions

VIII. Extraordinary motions

IX. Meeting adjourned

Report Items

I. 2022 Business Report and financial statements

Description: Please refer to pages 5–6 of this Handbook (Attachment 1) for the Company's 2022 Business Report.

II. Audit Committee's Review Report for 2022

Description: Please refer to page 7 of this Handbook (Attachment 2) for the Company's 2022 Audit Report.

III. Report on the distribution of employees' and directors' remuneration in 2022.

Description: (1) In accordance with Article 20 of the Company's Articles of Incorporation, the Company shall appropriate 3% to 15% of the Company's annual profit (profit means profit before taxation before the distribution of employees' remuneration and directors' remuneration) to employees' remuneration and not more than 3% to directors' remuneration.

(2) For 2022, the Company's pre-tax income before employee remuneration and directors' remuneration was NT\$443,956,373. For 2022, the Company provided approximately 7.32% as employee remuneration amounting to NT\$32,500,000 and 2.14% as directors' remuneration amounting to NT\$9,500,000, both in cash.

IV. 2022 Earnings distribution report

Description: (1) In accordance with Article 21 of the Company's Articles of Incorporation, the Board of Directors is authorized to resolve to distribute all or part of the dividends in the form of cash payments and to report to the shareholders' meeting.

(2) The Board of Directors resolved to distribute cash dividends in the amount of NT\$177,629,336, at NT\$2.3 per share, to shareholders and authorized the Chairman to set the basis date of dividend distribution and the payment date.

(3) If changes in share capital occurred later and affected the Company's outstanding shares, and further resulted in the change and amendment of the payout ratio, the Company should propose at the shareholders' meeting that the Chairman be fully authorized to address the issues.

V. Report on the issuance of the Company's domestic secured convertible bonds.

Corporate bond type	Third domestic guaranteed convertible corporate bonds
Issue date	December 11, 2020
Face value	NT\$ a hundred thousand
Issuance and transaction location	Taipei Exchange
Issue Price	Issued exactly in line with face value
Total	NT\$ three hundred million

Interest rate	Coupon rate 0%
Duration	Three years. Deadline: December 11, 2023
Reason for fundraising	Repayment of principal due on the second domestic secured convertible bonds and repayment of bank loans
Amount not repaid	NT\$46,000,000
Remarks	As of the book closure date on April 28, 2023 before a regular shareholders meeting, 7,576,405 shares of common stock have been converted.

VI. Report on amendments to “Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties”

Description: (1) In accordance with the Financial Supervisory Commission's announcement of the amendment of the "Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises", the Company's "Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties" have been added.

(2) Report on amendments to “Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties”

Ratifications

Proposal 1 (Proposed by the board of directors)

Subject: The 2022 Business Report and financial statements are submitted for ratification.

Description: 1. The Company's Parent Company Only Financial Statements and Consolidated Financial Statements for 2022 have been duly audited by the attesting CPAs Cheng-Chuan Yu and Chiang-Shiun Chen of Deloitte Taiwan. The audited financial statements, together with the Business Report, have been reviewed by the Audit Committee, which has issued a written review report thereon.

2. Please refer to pages 5–6 (Attachment 1) and 8–28 (Attachment 3) of this Handbook for the 2022 Business Report, Independent Auditors' Report, and accompanying financial statements.

Resolution:

Proposal 2 Proposed by the board of directors

The Company's earnings distribution proposal for 2022 is submitted for ratification.

Description: 1. The Board of Directors has approved the 2022 earnings distribution table. Please refer to attachment 4 on page 29 of this Handbook.

2. This proposal has been duly reviewed and concluded by the Audit Committee.

Resolution:

Discussions:

Proposal 1 Proposed by the board of directors

Subject: Amendments to certain provisions of the "Articles of Incorporation".

Description: 1. The shareholders' meeting shall be conducted by virtual format or other means announced by the central competent authority to establish relevant regulations in accordance with the circumstances described above.
2. Please refer to Attachment 6 on pages 30 to 40 of this Handbook for a comparison of the provisions of the Company's Articles of Incorporation before and after the amendments.

Resolution:

Proposal 2 Proposed by the board of directors

Subject: To amend certain provisions of the "Rules and Procedures of Shareholders' Meeting"

Description: 1. Amendments to certain provisions of the Company's "Rules of Procedures of Shareholders' Meetings" in accordance with the amendment of the "Rules of Procedures of Shareholders' Meetings" announced by the FSC.
2. Please refer to Attachment 7 on pages 41 to 52 of this Handbook for a comparison of the provisions of the Company's "Articles of Incorporation" before and after the amendments.

Resolution:

Proposal 3 Proposed by the board of directors

Subject: Amendments to the "Procedures for the Acquisition and Disposal of Assets".

Description: 1. The "Procedures for the Acquisition or Disposal of Assets" were revised to specify the total amount of contracts and loss limits for hedging transactions.
2. Please refer to Attachment 8 on pages 30 to 40 of this Handbook for a comparison of the provisions of the Company's "Articles of Incorporation" before and after the amendments.

Resolution:

Election matters

Proposed by the board of directors

Subject: Reelection of directors

Description: 1. The term of office of the current directors of the Company originally expired on June 17, 2023, and it is intended that the re-election of directors will be conducted in conjunction with the shareholders' meeting.

2. In accordance with Article 14 of the Company's "Articles of Incorporation", nine directors (including three independent directors) shall be elected for a term of three years and shall be elected through the candidate nomination system. The directors may stand for reelection. The term of office of the new directors will be from June 26, 2023 to June 25, 2026, and the term of office of the former directors will be until the completion of the current ordinary shareholders' meeting.

3. For the list of candidates for director and independent director, Please refer to Attachment 8 on pages 30 to 40 of this Handbook.

4. The re-election is conducted in accordance with the "Regulations Governing the Election of Directors" of the Company.

5. Please vote.

Voting Results:

Other proposals

Proposed by the board of directors

Subject: On the release of new directors and their representatives from non-compete restrictions.
Please discuss.

Description: 1. According to Article 209 of the Company Act, "a director who does anything for himself or herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. "

2. In order to leverage the expertise and relevant experience of the Company's directors, and without prejudice to the Company's interests, it is proposed to seek the approval of the shareholders' meeting to release the newly elected directors and their representatives from non-compete restrictions.

3. Please refer to Attachment 8 on pages 30 to 40 of this Handbook for details of the proposed release of the nominee directors and their representatives from non-compete restrictions.

4. Please ratify.

Resolution:

Extraordinary motions

Adjournment

2022 Business Report

I. 2022 Business Results

(I) Implementation of operational plan

For 2022, the Company's net operating revenues were NT\$5,364,053 thousand, a 3% increase of NT\$5,197,764 thousand from 2021. Net income was NT\$327,372 thousand, a 4% increase of NT\$240,191 thousand from 2021.

(II) Budget execution: No financial forecast was made public in 2022, so there is no budget execution matters to disclose.

(III) Financial income and expense and profitability analysis

			Unit: %; NT\$	
Item			2021	2022
Financial structure	Ratio of liabilities to assets (%)		46.66	43.95
Solvency	Current ratio (%)		83.17	86.18
Profitability	As a percentage of paid-in capital (%)	Operating income (loss)	14.61	33.38
		Net income before tax	37.37	52.05
	Profit margin (%)		4.62	6.10
	EPS (NT\$)		3.28	4.25

The Company's financial structure in 2022 was better than that in 2021, mainly due to the decrease in liabilities as a result of the Company's third CB conversion and the repayment of long-term loans in 2022. Profitability indicators improved in 2022 compared to 2021 as demand increased due to a slowdown in the COVID-19 pandemic.

(IV) Status of research and development

The Company continues to deepen its investments into technology related to high-frequency and high-speed magnetic materials to improve the transmission speed of products to meet the market demand, and gradually streamlines the product design and effectively simplifies the manufacturing process, as well as customize the efficiency and ability to continuously improve, to provide customers with enhanced services and solutions to build a long-term customer trust base.

II. Overview of 2023 Business Plan

(I) Management policy

In the outlook for 2023, due to the slowdown of the COVID-19 pandemic, the global economy is gradually recovering. However, due to the strict prevention and control measures of the pandemic, China's position as the world's factory has been shaken. In addition to the gradual migration to inland production bases for assembly line production capacity to spread the risk of labor shortage in coastal factories, the Company has redesigned its product structure and introduced smart automated production processes to achieve the goals of reducing labor costs, shortening delivery time and reducing inventory. In addition, the Company shall continue to make effective progress in the expansion of high-end networking products this year, and we expect that with our leading technology, solid production management foundation, and solid market position, complemented by the expansion of new customers for high-end networking, the Company will be able continue to grow steadily and thrive.

(II) Expected sales volume and its basis

Based on our consideration of actual figures for 2022, the recent order intake and the overall economic factors, the Company estimates that the sales volume for 2023 will be flat.

(III) Major production and marketing policies

1. Production policy

All of our factories are 100% indirectly invested companies with the following expected production policies:

- (1) Introduce smart manufacturing operations with automated robot production to achieve the goal of reducing labor cost and shortening delivery time.
- (2) Effective inventory reduction through product design adjustment and automated import.

2. Marketing policy

In response to the growth trajectory of new applications, we are supplementing our high-end product customer base and securing partnerships with major domestic and foreign customers.

III. The Company's future development strategy

In view of the future development needs, the Company will continue to deepen its efforts in development of technology for high frequency and high speed and magnetic materials and develop related products. We have built an automatic chemical plant in Taiwan for the production of filter components. For the 100% indirectly invested factories of the Company, we will gradually promote the introduction of smart automatic chemical plants to improve automation capabilities, reduce labor and inventory management costs, and achieve the goal of shortening delivery time;

externally, we will actively expand into the Southeast Asian and Vietnamese markets in order to maximize profits.

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

Due to the gradual increase in labor wages in Mainland China and the severe labor shortage along the coastal regions of China, although the Company has gradually planned to increase the labor wages of 100% of its indirectly invested factories in Mainland China, it still needs to face the pressure of rising external labor wages and worsening labor shortages. This year, the Company has established a subsidiary in Vietnam, which is expected to enhance the overall competitiveness of our products through the introduction of a smart automated chemical plant, and to deepen the production and marketing of diversified products at the same time, effectively reducing the demand for labor and the impact of the external competitive environment, the regulatory environment and the overall business environment.

Chairman: Po-Jung Chen

Managerial officer: Min-Che Chen

Accounting Officer: Chang-Pu Wu

U.D. ELECTRONIC CORP. Audit Committee's Review Report

We, the Audit Committee of the Company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the consolidated and unconsolidated financial statements of the Company for 2022 (January 1, 2022 to December 31, 2022), and that the financial statements have been duly audited by CPA Cheng-Chuan Yu and Chiang-Shiun Chen of Deloitte Taiwan, who already issued the Audit Report. The Audit Committee has also reviewed the business report and proposal for earning distribution and determined that there is no nonconformity, thus reports the result as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2023 Annual Shareholders' Meeting

U.D. ELECTRONIC CORP.

Audit Committee Convener

Independent Director: Hsueh-Yu Liu

March 17, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U.D. Electronic Corp.

Opinion

We have audited the accompanying consolidated financial statements of U.D. Electronic Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 the Standards on Auditing of 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 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

The Group is the manufacture for integrated signal connector and the main application include Information products, Internet communication products, Consumer electronics, etc. The revenue growth of internet communication products has fluctuated more than the average level of the Group's revenue changes this year, which has had a significant impact on the financial performance of the Group. Therefore, the occurrence of the sales revenue of internet communication products is listed as a key audit matter. Refer to Note 4 to the consolidated financial statements for detailed information on revenue recognition. For our overall opinion to the consolidated financial statements, refer to the opinion section.

The audit procedures for the key audit matter are the followings:

1. We understood and tested the design and operating effectiveness of the key control over revenue recognition in order to confirm and evaluate the effectiveness of the inter control while conducting a sale transaction.
2. We sampled from the Group's sales details of internet communication products, reviewed invoice, custom declarations and other relevant proof of delivery with signature, and examined the remittance senders and collection process or other alternative audit procedures, to verify the occurrence of sales transactions.
3. We evaluated the reasonableness of the changes in sales revenue and gross profit margin of the abovementioned main customers from the previous year to the current year.

Other Matter

We have also audited the parent company only financial statements of U.D. Electronic Corp. as of and for the years ended December 31, 2022 and 2021 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 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 Standards on Auditing of 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 Standards on Auditing of 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 appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 and appropriate audit evidence regarding the financial information of 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 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 consolidated financial statements for the year ended December 31, 2021 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 380,748	7	\$ 356,284	6
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 20)	2,321	-	4,221	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 34)	14,994	-	21,326	-
Notes receivable (Notes 4, 11 and 24)	24,972	1	52,333	1
Trade receivables (Notes 4, 11 and 24)	1,738,594	33	1,717,307	30
Other receivables (Notes 4 and 11)	33,629	1	84,376	2
Current tax assets (Notes 4 and 26)	-	-	8,662	-
Inventories (Notes 4 and 12)	1,306,652	25	1,481,224	26
Other current assets (Note 18)	<u>116,439</u>	<u>2</u>	<u>124,929</u>	<u>2</u>
Total current assets	<u>3,618,349</u>	<u>69</u>	<u>3,850,662</u>	<u>67</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	54,807	1	74,558	1
Property, plant and equipment (Notes 4, 14 and 34)	1,236,978	24	1,486,861	26
Right-of-use assets (Notes 4 and 15)	57,746	1	121,772	2
Other intangible assets (Notes 4 and 17)	34,142	1	37,600	1
Goodwill (Notes 4 and 16)	12,306	-	12,219	-
Deferred tax assets (Notes 4 and 26)	66,377	1	88,837	2
Other non-current assets (Note 18)	<u>139,595</u>	<u>3</u>	<u>87,596</u>	<u>1</u>
Total non-current assets	<u>1,601,951</u>	<u>31</u>	<u>1,909,443</u>	<u>33</u>
TOTAL	<u>\$ 5,220,300</u>	<u>100</u>	<u>\$ 5,760,105</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 617,485	12	\$ 964,320	17
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,361	-	-	-
Contract liabilities - current (Notes 4 and 24)	15,692	-	27,189	1
Trade payables	515,156	10	636,372	11
Lease liabilities - current (Notes 4 and 15)	4,755	-	23,333	-
Other payables (Notes 21 and 30)	499,071	10	682,745	12
Current tax liabilities (Notes 4 and 26)	62,900	1	23,533	1
Current portion of long-term borrowings and bonds payable (Notes 4, 19, 20 and 34)	108,272	2	125,754	2
Other current liabilities	<u>41,818</u>	<u>1</u>	<u>20,141</u>	<u>-</u>
Total current liabilities	<u>1,866,510</u>	<u>36</u>	<u>2,503,387</u>	<u>44</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 34)	171,600	3	234,000	4
Lease liabilities - non-current (Notes 4 and 15)	911	-	50,257	1
Deferred tax liabilities (Notes 4 and 26)	10,160	-	9,093	-
Guarantee deposits received	<u>1,580</u>	<u>-</u>	<u>1,561</u>	<u>-</u>
Total non-current liabilities	<u>184,251</u>	<u>3</u>	<u>294,911</u>	<u>5</u>
Total liabilities	<u>2,050,761</u>	<u>39</u>	<u>2,798,298</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Share capital				
Ordinary shares	772,301	15	742,418	13
Capital collected in advance	-	-	24,247	-
Total share capital	<u>772,301</u>	<u>15</u>	<u>766,665</u>	<u>13</u>
Capital surplus	<u>927,689</u>	<u>18</u>	<u>905,040</u>	<u>15</u>
Retained earnings				
Legal reserve	352,965	7	328,946	6
Special reserve	235,642	4	200,418	3
Unappropriated earnings	<u>1,025,447</u>	<u>20</u>	<u>953,021</u>	<u>17</u>
Total retained earnings	<u>1,614,054</u>	<u>31</u>	<u>1,482,385</u>	<u>26</u>
Other equity	<u>(169,656)</u>	<u>(4)</u>	<u>(235,640)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	3,144,388	60	2,918,450	50
NON-CONTROLLING INTERESTS (Notes 4, 23 and 29)	<u>25,151</u>	<u>1</u>	<u>43,357</u>	<u>1</u>
Total equity	<u>3,169,539</u>	<u>61</u>	<u>2,961,807</u>	<u>51</u>
TOTAL	<u>\$ 5,220,300</u>	<u>100</u>	<u>\$ 5,760,105</u>	<u>100</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 24 and 38)	\$ 6,321,780	100	\$ 6,164,749	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 25)	<u>(5,109,743)</u>	<u>(81)</u>	<u>(5,009,094)</u>	<u>(81)</u>
GROSS PROFIT	<u>1,212,037</u>	<u>19</u>	<u>1,155,655</u>	<u>19</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(258,430)	(4)	(246,010)	(4)
General and administrative expenses	(389,773)	(6)	(425,145)	(7)
Research and development expenses	(252,592)	(4)	(253,982)	(4)
Expected credit (loss) gain (Notes 4 and 11)	<u>(1,567)</u>	<u>-</u>	<u>12,826</u>	<u>-</u>
Total operating expenses	<u>(902,362)</u>	<u>(14)</u>	<u>(912,311)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>309,675</u>	<u>5</u>	<u>243,344</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	5,267	-	5,377	-
Other income	55,271	1	49,293	1
Other gains and losses	43,016	-	18,174	-
Finance costs (Note 20)	<u>(17,339)</u>	<u>-</u>	<u>(21,021)</u>	<u>-</u>
Total non-operating income and expenses	<u>86,215</u>	<u>1</u>	<u>51,823</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	395,890	6	295,167	5
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(84,752)</u>	<u>(1)</u>	<u>(42,803)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>311,138</u>	<u>5</u>	<u>252,364</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(19,729)	-	(25,873)	(1)
Income tax related to items that would not be reclassified subsequently to profit or loss	<u>3,093</u>	<u>-</u>	<u>4,927</u>	<u>-</u>
	<u>(16,636)</u>	<u>-</u>	<u>(20,946)</u>	<u>(1)</u>

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 97,369	1	\$ (21,761)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(19,479)</u>	<u>-</u>	<u>4,353</u>	<u>-</u>
	<u>77,890</u>	<u>1</u>	<u>(17,408)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>61,254</u>	<u>1</u>	<u>(38,354)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 372,392</u>	<u>6</u>	<u>\$ 214,010</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 327,372	5	\$ 240,191	4
Non-controlling interests	<u>(16,234)</u>	<u>-</u>	<u>12,173</u>	<u>-</u>
	<u>\$ 311,138</u>	<u>5</u>	<u>\$ 252,364</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 386,638	6	\$ 202,392	3
Non-controlling interests	<u>(14,246)</u>	<u>-</u>	<u>11,618</u>	<u>-</u>
	<u>\$ 372,392</u>	<u>6</u>	<u>\$ 214,010</u>	<u>3</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 4.25</u>		<u>\$ 3.28</u>	
Diluted	<u>\$ 4.12</u>		<u>\$ 3.03</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company							Other Equity	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Commercial Stock	Capital Received in Advance		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 696,758	\$ -	\$ 749,592	\$ 319,411	\$ 220,594	\$ 836,918	\$ (238,001)	\$ 37,583	\$ 2,622,855	\$ 48,431	\$ 2,671,286
Appropriation of 2020 earnings (Note 23)											
Legal reserve	-	-	-	9,535	-	(9,535)	-	-	-	-	-
Special reserve	-	-	-	-	(20,176)	20,176	-	-	-	-	-
Cash dividends	-	-	-	-	-	(90,579)	-	-	(90,579)	-	(90,579)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	<u>45,660</u>	<u>24,247</u>	<u>155,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,355</u>	<u>-</u>	<u>225,355</u>
Net profit for the year ended December 31, 2021	-	-	-	-	-	240,191	-	-	240,191	12,173	252,364
Other comprehensive loss for the year ended December 31, 2021, net of income tax (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,853)</u>	<u>(20,946)</u>	<u>(37,799)</u>	<u>(555)</u>	<u>(38,354)</u>
Total comprehensive Income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,191</u>	<u>(16,853)</u>	<u>(20,946)</u>	<u>202,392</u>	<u>11,618</u>	<u>214,010</u>
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,577)</u>	<u>-</u>	<u>2,577</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes ownership interests in subsidiaries (Notes 13, 23 and 29)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,573)</u>	<u>-</u>	<u>-</u>	<u>(41,573)</u>	<u>(17,467)</u>	<u>(59,040)</u>
Non-controlling interests (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775</u>	<u>775</u>
BALANCE AT DECEMBER 31, 2021	742,418	24,247	905,040	328,946	200,418	953,021	(254,854)	19,214	2,918,450	43,357	2,961,807
Appropriation of 2021 earnings (Note 23)											
Legal reserve	-	-	-	24,019	-	(24,019)	-	-	-	-	-
Special reserve	-	-	-	-	35,224	(35,224)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(176,985)	-	-	(176,985)	-	(176,985)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	<u>29,883</u>	<u>(24,247)</u>	<u>12,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,225</u>	<u>-</u>	<u>18,225</u>
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	327,372	-	-	327,372	(16,234)	311,138
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,902</u>	<u>(16,636)</u>	<u>59,266</u>	<u>1,988</u>	<u>61,254</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,372</u>	<u>75,902</u>	<u>(16,636)</u>	<u>386,638</u>	<u>(14,246)</u>	<u>372,392</u>
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,718)</u>	<u>-</u>	<u>6,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes ownership interests in subsidiaries (Notes 13, 23 and 29)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>(3,960)</u>	<u>(15,960)</u>
Compensation cost of employee share options (Notes 4 and 28)	<u>-</u>	<u>-</u>	<u>10,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,060</u>	<u>-</u>	<u>10,060</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 772,301</u>	<u>\$ -</u>	<u>\$ 927,689</u>	<u>\$ 352,965</u>	<u>\$ 235,642</u>	<u>\$ 1,025,447</u>	<u>\$ (178,952)</u>	<u>\$ 9,296</u>	<u>\$ 3,144,388</u>	<u>\$ 25,151</u>	<u>\$ 3,169,539</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 395,890	\$ 295,167
Adjustments for:		
Expected credit loss (gain) recognized on trade receivables	1,567	(12,826)
Depreciation expenses	415,330	425,890
Amortization expenses	9,810	9,024
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	22,097	(12,384)
Finance costs	17,339	21,021
Interest income	(5,267)	(5,377)
Dividend income	(12,140)	(1,725)
Compensation cost of employee share options	10,060	-
Loss on disposal of property, plant and equipment	928	867
Write-downs of inventories	17,723	1,139
Net loss on foreign currency exchange	8,845	5,150
Lease modification benefit	(3,771)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	17,798	22,276
Notes receivable	28,258	31,384
Trade receivables	(35,341)	(435,114)
Other receivables	52,004	(34,796)
Inventories	176,565	(319,472)
Other current assets	10,251	(14,991)
Financial liabilities held for trade	(36,742)	(8,077)
Contract liabilities	(11,712)	2,068
Trade payables	(131,542)	87,820
Other payables	(111,893)	32,040
Other current liabilities	21,645	13,531
Cash generated from operations	857,702	102,615
Interest received	5,204	5,439
Dividend received	12,140	1,725
Interest paid	(16,203)	(16,302)
Income tax paid	(29,402)	(20,128)
Net cash generated from operating activities	829,441	73,349
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	22	24
Return of funds from financial assets at fair value through other comprehensive income	-	17,400
Purchase of financial assets at amortized cost	-	(1,305)
Proceeds from sale of financial assets at amortized cost	6,332	95,058
Payments for property, plant and equipment	(146,352)	(247,027)

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for intangible assets	\$ (6,285)	\$ (8,850)
Proceeds from disposal of property, plant and equipment	4,186	6,879
Decrease in other non-current assets	4,415	6,421
Decrease in refundable deposits	1,486	391
Increase in prepayments for equipment and land use rights	<u>(120,873)</u>	<u>(18,008)</u>
Net cash used in investing activities	<u>(257,069)</u>	<u>(149,017)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment for the issuance of convertible bonds	-	(291,300)
Proceeds from short-term borrowings	200,000	529,593
Repayments of short-term borrowings	(552,355)	(246,000)
Proceeds from long-term borrowings	-	312,000
Repayments of long-term borrowings	(62,400)	(379,600)
Repayment of the principal portion of lease liabilities	(16,494)	(25,656)
Change in non-controlling interests	-	775
Proceeds from guarantee deposits received	-	737
Acquisition of additional interests in subsidiary	(15,960)	(59,040)
Dividends paid to owners of the Company	(176,985)	(90,579)
Repayment for the issuance of convertible bonds	<u>(352)</u>	<u>(1,813)</u>
Net cash used in financing activities	<u>(624,546)</u>	<u>(250,883)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>76,638</u>	<u>(22,193)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,464	(348,744)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>356,284</u>	<u>705,028</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 380,748</u>	<u>\$ 356,284</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U.D. Electronic Corp.

Opinion

We have audited the accompanying financial statements of U.D. Electronic Corp. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the financial statements of the Company for the year ended December 31, 2022 is stated as follows:

The Company is the manufacture for integrated signal connector and the main application include Information products, Internet communication products, Consumer electronics, etc. The revenue growth of internet communication products has fluctuated more than the average level of the Company's revenue changes this year, which has had a significant impact on the financial performance of the Company. Therefore, the occurrence of the sales revenue of internet communication products is listed as a key audit matter. Refer to Note 4 to the financial statements for detailed information on revenue recognition. For our overall opinion to the financial statements, refer to the opinion section.

The audit procedures for the key audit matter are the followings:

1. Through understanding and testing the design and operating effectiveness of the key control over revenue recognition to confirm and evaluate the effectiveness of the inter control while conducting a sale transaction.
2. We sampled from the Company's sales details of internet communication products, reviewed invoice, custom declarations and other relevant proof of delivery with signature, and examined the remittance senders and collection process or other alternative audit procedures, to verify the occurrence of sales transactions.
3. We evaluated the reasonableness of the changes in sales revenue and gross profit margin of the abovementioned main customers from the previous year to the current year.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 financial statements for the year ended December 31, 2022, 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

U.D. ELECTRONIC CORP.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 87,462	2	\$ 103,404	2
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 20)	780	-	532	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	10,933	-	19,525	1
Notes receivable (Notes 4, 11 and 24)	3,398	-	1,655	-
Trade receivables (Notes 4, 11 and 24)	1,559,631	28	1,492,152	27
Other receivables (Notes 4 and 11)	10,734	-	15,879	-
Other receivables from related parties (Notes 4 and 32)	94,306	2	65,855	1
Inventories (Notes 4 and 12)	193,718	3	162,944	3
Other current assets (Note 18)	7,354	-	9,065	-
Total current assets	1,968,316	35	1,871,011	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	54,807	1	74,558	1
Investments accounted for using the equity method (Notes 4, 13 and 32)	3,027,740	54	2,795,678	51
Property, plant and equipment (Notes 4, 14 and 33)	307,732	6	451,286	8
Investment properties (Notes 4, 16 and 33)	163,293	3	168,473	3
Other intangible assets (Notes 4 and 17)	22,742	-	26,734	1
Deferred tax assets (Notes 4 and 26)	65,152	1	86,584	2
Other non-current assets (Note 18)	293	-	293	-
Total non-current assets	3,641,759	65	3,603,606	66
TOTAL	\$ 5,610,075	100	\$ 5,474,617	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 617,485	11	\$ 908,960	17
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	685	-	-	-
Contract liabilities - current (Notes 4 and 24)	8,223	-	14,947	-
Trade payables	10	-	181	-
Trade payables to related parties (Note 32)	1,233,523	22	970,430	18
Other payables (Notes 21 and 29)	136,900	2	194,489	4
Other payables to related parties (Note 32)	95,502	2	62,008	1
Current tax liabilities (Notes 4 and 26)	56,546	1	22,032	-
Current portion of long-term borrowings and bonds payable (Notes 4, 19, 20 and 33)	108,272	2	125,754	2
Other current liabilities	26,919	1	14,297	-
Total current liabilities	2,284,065	41	2,313,098	42
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 33)	171,600	3	234,000	5
Deferred tax liabilities (Notes 4 and 26)	9,769	-	8,816	-
Guarantee deposits received	253	-	253	-
Total non-current liabilities	181,622	3	243,069	5
Total liabilities	2,465,687	44	2,556,167	47
EQUITY (Notes 4 and 23)				
Share capital				
Ordinary shares	772,301	14	742,418	14
Capital collected in advance	-	-	24,247	-
Total share capital	772,301	14	766,665	14
Capital surplus	927,689	16	905,040	16
Retained earnings				
Legal reserve	352,965	7	328,946	6
Special reserve	235,642	4	200,418	4
Unappropriated earnings	1,025,447	18	953,021	17
Total retained earnings	1,614,054	29	1,482,385	27
Other equity	(169,656)	(3)	(235,640)	(4)
Total equity	3,144,388	56	2,918,450	53
TOTAL	\$ 5,610,075	100	\$ 5,474,617	100

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

U.D. ELECTRONIC CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4 and 24)	\$ 5,364,053	100	\$ 5,197,764	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 25 and 32)	<u>(4,747,115)</u>	<u>(88)</u>	<u>(4,716,058)</u>	<u>(91)</u>
GROSS PROFIT	<u>616,938</u>	<u>12</u>	<u>481,706</u>	<u>9</u>
OPERATING EXPENSES (Notes 11 and 25)				
Selling and marketing expenses	(180,485)	(3)	(175,044)	(3)
General and administrative expenses	(131,268)	(3)	(155,829)	(3)
Research and development expenses	(47,419)	(1)	(42,342)	(1)
Expected credit loss	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(359,181)</u>	<u>(7)</u>	<u>(373,215)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>257,757</u>	<u>5</u>	<u>108,491</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	486	-	273	-
Other income (Note 32)	47,219	1	27,984	1
Other gains and losses	58,286	1	9,834	-
Finance costs (Notes 20 and 32)	(13,135)	(1)	(17,763)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>51,344</u>	<u>1</u>	<u>148,617</u>	<u>3</u>
Total non-operating income and expenses	<u>144,200</u>	<u>2</u>	<u>168,945</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	401,957	7	277,436	6
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(74,585)</u>	<u>(1)</u>	<u>(37,245)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>327,372</u>	<u>6</u>	<u>240,191</u>	<u>5</u>

(Continued)

U.D. ELECTRONIC CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (19,729)	-	\$ (25,873)	(1)
Income tax related to items that would not be reclassified subsequently to profit or loss	<u>3,093</u>	-	<u>4,927</u>	-
	<u>(16,636)</u>	-	<u>(20,946)</u>	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	94,353	2	(20,922)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(18,451)</u>	(1)	<u>4,069</u>	-
	<u>75,902</u>	1	<u>(16,853)</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>59,266</u>	1	<u>(37,799)</u>	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 386,638</u>	7	<u>\$ 202,392</u>	4
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 4.25</u>		<u>\$ 3.28</u>	
Diluted	<u>\$ 4.12</u>		<u>\$ 3.03</u>	

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

(Concluded)

U.D. ELECTRONIC CORP.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Commercial Stock	Capital Received in Advance		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 696,758	\$ -	\$ 749,592	\$ 319,411	\$ 220,594	\$ 836,918	\$ (238,001)	\$ 37,583	\$ 2,622,855
Appropriation of 2020 earnings (Note 23)									
Legal reserve	-	-	-	9,535	-	(9,535)	-	-	-
Special reserve	-	-	-	-	(20,176)	20,176	-	-	-
Cash dividends	-	-	-	-	-	(90,579)	-	-	(90,579)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	<u>45,660</u>	<u>24,247</u>	<u>155,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,355</u>
Net profit for the year ended December 31, 2021	-	-	-	-	-	240,191	-	-	240,191
Other comprehensive loss for the year ended December 31, 2021, net of income tax (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,853)</u>	<u>(20,946)</u>	<u>(37,799)</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,191</u>	<u>(16,853)</u>	<u>(20,946)</u>	<u>202,392</u>
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,577)</u>	<u>-</u>	<u>2,577</u>	<u>-</u>
Changes ownership interests in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,573)</u>	<u>-</u>	<u>-</u>	<u>(41,573)</u>
BALANCE AT DECEMBER 31, 2021	742,418	24,247	905,040	328,946	200,418	953,021	(254,854)	19,214	2,918,450
Appropriation of 2021 earnings (Note 23)									
Legal reserve	-	-	-	24,019	-	(24,019)	-	-	-
Special reserve	-	-	-	-	35,224	(35,224)	-	-	-
Cash dividends	-	-	-	-	-	(176,985)	-	-	(176,985)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	<u>29,883</u>	<u>(24,247)</u>	<u>12,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,225</u>
Net profit for the year ended December 31, 2022	-	-	-	-	-	327,372	-	-	327,372
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,902</u>	<u>(16,636)</u>	<u>59,266</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,372</u>	<u>75,902</u>	<u>(16,636)</u>	<u>386,638</u>
Changes ownership interests in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>
Compensation cost of employee share options (Note 28)	<u>-</u>	<u>-</u>	<u>10,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,060</u>
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,718)</u>	<u>-</u>	<u>6,718</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 772,301</u>	<u>\$ -</u>	<u>\$ 927,689</u>	<u>\$ 352,965</u>	<u>\$ 235,642</u>	<u>\$ 1,025,447</u>	<u>\$ (178,952)</u>	<u>\$ 9,296</u>	<u>\$ 3,144,388</u>

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

U.D. ELECTRONIC CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 401,957	\$ 277,436
Adjustments for:		
Depreciation expenses	72,051	79,501
Amortization expenses	5,179	4,895
Expected credit loss recognized on trade receivables	9	-
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	998	(263)
Finance costs	13,135	17,763
Interest income	(486)	(273)
Dividend income	(12,140)	(1,725)
Compensation cost of employee share options	10,060	-
Share of profit of subsidiaries, associates and joint ventures	(51,344)	(148,617)
Loss on disposal of property, plant and equipment	-	454
Write-downs of inventories	1,367	2,391
Net gain on foreign currency exchange	(19,188)	(2,028)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,210	885
Notes receivable	(1,743)	(1,655)
Trade receivables	(83,930)	(371,672)
Other receivables	5,152	2,303
Other receivables from related parties	(181)	39
Inventories	(32,141)	2,245
Other current assets	1,712	2,556
Financial liabilities held for trade	(2,879)	(1,804)
Contract liabilities	(6,724)	2,365
Trade payables	(171)	44
Trade payables to related parties	292,206	(64,313)
Other payables	19,861	9,020
Other current liabilities	12,622	13,567
Cash generated (used in) from operations	627,592	(176,886)
Interest received	473	278
Dividend received	12,140	1,725
Interest paid	(12,007)	(13,063)
Income tax paid	(33,045)	(7,960)
Net cash generated (used in) from operating activities	595,153	(195,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	22	24
Return of funds from financial assets at fair value through other comprehensive income	-	17,400
Proceeds from sale of financial assets at amortized cost	8,592	95,053

(Continued)

U.D. ELECTRONIC CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for property, plant and equipment	\$ (3,658)	\$ (588)
Proceeds from disposal of property, plant and equipment	2,254	-
(Increase) decrease in other receivables from related parties	(28,270)	11,723
Payments for intangible assets	<u>(1,187)</u>	<u>(4,466)</u>
Net cash (used in) generated from investing activities	<u>(22,247)</u>	<u>119,146</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	200,000	473,575
Repayments of short-term borrowings	(492,745)	(220,000)
Repayment for the issuance of convertible bonds	-	(291,300)
Proceeds from long-term borrowings	-	312,000
Repayments of long-term borrowings	(62,400)	(379,600)
Proceeds from guarantee deposits received	-	165
Increase in other payables to related parties	33,494	7,172
Dividends paid	(176,985)	(90,579)
Repayment for the issuance of convertible bonds	(352)	(1,813)
Acquisition of additional interests in subsidiary	<u>(98,365)</u>	<u>(59,040)</u>
Net cash used in financing activities	<u>(597,353)</u>	<u>(249,420)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>8,505</u>	<u>(2,398)</u>
NET DECREASE IN CASH	(15,942)	(328,578)
CASH AT THE BEGINNING OF THE YEAR	<u>103,404</u>	<u>431,982</u>
CASH AT THE END OF THE YEAR	<u>\$ 87,462</u>	<u>\$ 103,404</u>

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


(Concluded)

U.D. ELECTRONIC CORP.
2022 Earnings Distribution Table

Item	Unit: NT\$ Amount
Undistributed earnings in the previous period	760,943,601
Less: Amount included in opening undistributed earnings for items other than prior period's net income after tax	(44,150,219)
Undistributed earnings in the beginning of the period after readjustment	716,793,382
Add: net profit after tax in 2022	327,371,279
Less: Adjustment to retained earnings from investments accounted for using the equity method	(11,999,808)
Less: Disposal of equity instruments measured at fair value through other comprehensive income, with accumulated gains and losses transferred directly to retained earnings	(6,717,943)
Net income after tax plus the amount of items other than net income for the period included in undistributed earnings for the year	308,653,528
Less: Legal reserves appropriated	(30,865,353)
Less: Special reserves appropriated	65,984,153
Distributable net profit in current period	1,060,565,710
Shareholder bonus - cash dividend (NT\$2.3/share)	(177,629,336)
Undistributed earnings at the end of the period	882,936,374

(Note 1) 2022 earnings distribution table.

Chairman: Po-Jung Chen President: Ming-Tzu Chen Chief Accounting Officer: Elton Wu

 UDE	<u>U.D. ELECTRONIC CORP.</u>	
	Regulations Governing Financial and Business Matters between U.D. Electronic Corp. and its Related Parties	Serial No. IPD

- Article 1 In order to improve the financial and business matters between U.D. Electronic Corp. (hereinafter referred to as the "Company") and its related parties, and to prevent irregular transactions and improper transfer of benefits in matters such as sales and purchase transactions, acquisition and disposal of assets, endorsement and guarantees, and lending of funds between related parties, these Regulations are duly established in accordance with Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.
- Article 2 Unless otherwise provided by laws and regulations or the Articles of Incorporation, financial and business matters between the Company and its related parties shall be conducted in accordance with the provisions of these Regulations.
- Article 3 Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "affiliated enterprises" as referred to in these Regulations shall refer to enterprises which are independent in existence but are interrelated as defined in Article 369-1 of the Company Act:
1. Companies having controlling and subordinate relation between them; or
 2. Companies having made investment in each other. In determining the relationship of control and subordination as set forth in the preceding paragraph, consideration should be given to the substance of the relationship in addition to its legal form.
- Article 4 The Company shall establish an effective internal control system in regard to its own and its related parties' (including affiliated enterprises') overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective. The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated enterprise that is

not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5 In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

1. The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
2. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the chairperson or general manager of the Company.
3. A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliate's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairperson or general manager of the Company.
4. The Company shall assign competent personnel to assume important positions at its affiliated enterprise, such general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
5. The Company, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
6. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Company must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.

7. Subsidiaries of the Company shall regularly submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to allow management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter, including balance sheets and income statements, for analysis and review by the Company.

Article 6 A managerial officer of the Company may not concurrently serve as a managerial officer of any affiliated enterprise of the Company, and shall not operate the same type of business as the Company, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors. The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7 The Company shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8 Any loans or endorsements/guarantees between the Company and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and with the procedures prescribed by the Company regarding loans to others and provision of endorsements/guarantees. With respect to the provision of loans, endorsements, or guarantees between the Company and an affiliated enterprise, the matters set out below shall be closely reviewed, and results of the assessment submitted to the board of directors. Any loan of funds shall be made only by a resolution of the board of directors, and no other party may be authorized to decide on the matter. The board of directors, in accordance with the preceding paragraph, may authorize the chairperson to provide an endorsement or

guarantee within a specific limit, provided it is subsequently submitted to and ratified by the next board meeting:

1. The necessity and the reasonableness of the loan or the endorsement or guarantee.
When funds are loaned or an endorsement or guarantee is made because of business dealings, an assessment shall be made of whether the amount of the loan or amount of the endorsement or guarantee is commensurate with the total amount of the business involved. When short-term financing is needed, the reasons for and the circumstances surrounding the loan shall be set out.
2. A credit check and a risk assessment of the counterparty requesting the loan or the endorsement or guarantee.
3. The effects on the Company's operational risk and financial position and the rights and interests of its shareholders.
4. Whether collateral must be obtained, and an appraisal of its value.

Any endorsement or guarantee provided pursuant to Article 5, paragraph 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall first be submitted for a resolution by the board of directors of the Company. Provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.

Any proposed loan between the Company and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.

If the Company has established independent director positions, the board of directors shall give full consideration to each independent director's opinion with respect to loans, endorsements, or guarantees between the Company and any of its affiliated enterprises. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a loan of funds for short-term financing is necessary between any two foreign companies in which the Company directly or indirectly holds 100 percent of the voting shares, the loan amount is not subject to the restriction of 40 percent of the net worth of the company making the loan. The amount of an endorsement or guarantee between two companies in which the Company directly or indirectly holds 90 percent or more of the voting shares may not exceed 10 percent of the Company's net worth. Except for endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.

The Company shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, the Company shall adopt appropriate conservatory measures to safeguard its rights and interests.

Article 9 Price terms and payment methods shall be expressly stipulated for any business interaction between the Company and any affiliated enterprise. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between the Company and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of the Company, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Company and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 9-1 The Company shall submit the following information to the Board of Directors for approval before entering into a transaction for the sale or purchase of goods, labor or technical services from a related party that is expected to amount to 5% of the

Company's most recent consolidated total assets or most recent consolidated net operating revenues for the entire year, except when the provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" apply or when the transaction is between the Company and its parent, subsidiary or between its subsidiaries:

1. The project, purpose, necessity and expected benefits of the transaction.
2. The reason for choosing the related party as a transaction counterparty.
3. The principles for calculating the transaction price and the estimated maximum transaction amount for the whole year.
4. A description of whether the terms of the transaction are on normal commercial terms and not detrimental to the Company's interests and shareholders' rights.
5. Restrictions and other important terms and conditions of the transaction.

For the aforementioned transactions with related parties, the following items should be reported to the shareholders' meeting most recently after the end of the year:

1. The actual amount and terms of the transaction.
2. Whether the calculation is based on the transaction price principle approved by the board of directors.
3. Whether or not the annual trading limit approved by the Board of Directors is not exceeded. If the maximum transaction amount has been exceeded, the reason, necessity and reasonableness should be stated.

Article 10 Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the Company and an affiliated enterprise shall be conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures for acquisition and disposal of assets prescribed by the Company.

When the Company makes an acquisition of securities from or a disposition of securities to an affiliated enterprise, or an acquisition from an unaffiliated enterprise of securities whose underlying is the stock of an affiliated enterprise, it shall first obtain the financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price. If the amount of the transaction is 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall also request a CPA to provide an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

When the Company engages in the acquisition of memberships or intangible assets from or their disposition to any of its affiliated enterprises, if the amount of the transaction is 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall request a CPA to provide an opinion on the reasonableness of the transaction price.

Article 11 When the Company intends to conduct any acquisition or disposal of real property from or to any of its affiliated enterprises, or to conduct an acquisition or disposal of assets other than real property from or to any of its affiliated enterprises in which the transaction amount is furthermore 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or redemption of domestic money market funds, it shall have the following matters approved by the board of directors and recognized by the supervisors before it may enter into a contract for the transaction and pay the required monies:

1. An appraisal issued by a professional appraiser as required by regulations, or a CPA opinion.
2. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
3. The reason for choosing the affiliated enterprise as a trading counterparty.
4. With respect to the acquisition of real property from related parties, the information related to the reasonableness of the predetermined transaction terms is evaluated in accordance with Articles 16 and 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
5. The date and price at which the real property was originally acquired by the affiliated enterprise, the trading counterparty, and the trading counterparty's relationship with the Company and its affiliated enterprises.
6. Monthly cash flow forecasts for a full year commencing from the scheduled month of contract signing, and an evaluation of the necessity of the transaction and the reasonableness of the utilization of funding.
7. Restrictive covenants and other important stipulations associated with the transaction.
8. An opinion issued by a CPA engaged to review whether the transaction with the affiliated enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders.

When the amount of the transaction under the preceding paragraph is 20 percent or

more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, the Company shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, the Company shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a board of directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property from an affiliated enterprise, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the board of directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of the Company and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary shall notify the board of directors to stop the transaction.

When a transaction as described under the preceding paragraph has been approved by the board of directors and recognized by the supervisors, the Company shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, the Company shall report the handling of the above transaction to the shareholders' meeting and shall disclose the details of the transaction in the annual report and any prospectus.

Should any of the following circumstances occur in a transaction with an affiliated enterprise, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution, and neither the affiliated enterprise nor any persons connected with the affiliated enterprise may participate in the voting:

1. There is a discrepancy of 20 percent or more between the amount of the transaction and the appraised amount.
2. The amount or the terms of the transaction will have a material effect on the Company's operations.

If the Company has the first transaction with the related party, the actual transaction (including the actual transaction amount, transaction terms and information of the first paragraph, etc.) shall be reported to the shareholders at the most recent shareholders' meeting after the end of the year.

Where an audit committee has been established in accordance with the provisions of these Regulations, the matters for which paragraph 1 requires recognition by the

supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

Article 12 With respect to any financial or business interaction between the Company and any affiliated enterprise that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Upon discovering that, in the course of their duties, the board of directors or a director has committed a violation of law or regulation, the articles of incorporation, or a shareholders meeting resolution, a supervisor shall immediately notify the board of directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, a supervisor shall also file a report with the relevant regulatory authority or agency.

Article 13 The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE or TPEx within 2 days of the change.

Information on any material transaction between the Company and an affiliated enterprise shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If an affiliated enterprise experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14 When any of the following circumstances applies to an affiliated enterprise, the Company shall make a public disclosure and regulatory filing on its behalf:

1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of the Company.
4. Any matter regarding a subsidiary or the unlisted (neither TWSE nor GTSM listed) parent of the Company constitutes material information required to be announced under the provisions of the "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities".

If the parent of the Company is a foreign company, the Company shall make a filing of the following information on its behalf before the opening of trading hours on the first business day following the day on which the Company becomes aware of the information or on which there is media reporting of the information:

1. A material change in shareholder equity.
2. A material change in business policy.
3. A material disaster resulting in serious reduction or complete cessation of production.
4. A material effect on the rights and interests of shareholders or the parent's operations resulting from a change in the laws, regulations, or rules of the parent's

home country.

5. Mass media reporting about the parent sufficient to affect the securities prices of the Company.
6. The occurrence of any other material event that, pursuant to the laws or regulations of the foreign company's home country, must be filed immediately.

Article 15 These Regulations, and any amendments hereto, shall be implemented after adoption by the board of directors.

Article 16 These Regulations were set forth and established on May 4, 2023.

U.D. ELECTRONIC CORP.

Attachment 6

Comparison of the provisions before and after the amendment of the "Articles of Incorporation"

Article	Before amendment	After amendment	Description
Article 9	The shareholders' meeting shall be classified into two types: the ordinary shareholders' meeting and extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened within six months after the end of each fiscal year by the Board of Directors. The extraordinary shareholders' meeting is convened according to the law whenever necessary. The shareholder's meeting convention procedures shall be handled according to the regulations of the Company Act.	The shareholders' meeting shall be classified into two types: the ordinary shareholders' meeting and extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened within six months after the end of each fiscal year by the Board of Directors. The extraordinary shareholders' meeting is convened according to the law whenever necessary. The shareholder's meeting convention procedures shall be handled according to the regulations of the Company Act. <u>During the convention of the shareholders' meeting, video conference or other methods announced by the central competent authority may be adopted.</u>	Amended in line with the latest changes announced by the competent authorities.
Article 24	These Articles of Incorporation were duly enacted on March 4, 2005. The 1st amendment was made on February 1, 2007. The 2nd amendment was made on August 7, 2007. The 3rd amendment was made on December 24, 2007. The 4th amendment was made on May 28, 2008. The 5th amendment was made on June 30, 2008. The 6th amendment was made on June 30, 2009. The 7th amendment was made on June 30, 2010.	These Articles of Incorporation were duly enacted on March 4, 2005. The 1st amendment was made on February 1, 2007. The 2nd amendment was made on August 7, 2007. The 3rd amendment was made on December 24, 2007. The 4th amendment was made on May 28, 2008. The 5th amendment was made on June 30, 2008. The 6th amendment was made on June 30, 2009. The 7th amendment was made on June 30, 2010.	1. Added amendment dates and number of amendments.

Article	Before amendment	After amendment	Description
	<p>The 8th amendment was made on June 17, 2011.</p> <p>The 9th amendment was made on November 17, 2011.</p> <p>The 10th amendment was made on June 21, 2012.</p> <p>The 11th amendment was made on June 17, 2015.</p> <p>The 12th amendment was made on June 16, 2016.</p> <p>The 13th amendment was made on June 14, 2018.</p> <p>The 14th amendment was made on June 18, 2019.</p> <p>The 15th amendment was made on June 18, 2020.</p> <p>The 16th amendment was made on August 27, 2021.</p>	<p>The 8th amendment was made on June 17, 2011.</p> <p>The 9th amendment was made on November 17, 2011.</p> <p>The 10th amendment was made on June 21, 2012.</p> <p>The 11th amendment was made on June 17, 2015.</p> <p>The 12th amendment was made on June 16, 2016.</p> <p>The 13th amendment was made on June 14, 2018.</p> <p>The 14th amendment was made on June 18, 2019.</p> <p>The 15th amendment was made on June 18, 2020.</p> <p>The 16th amendment was made on August 27, 2021.</p> <p><u>The 17th amendment was made on June 26, 2023.</u></p>	

U.D. ELECTRONIC CORP.

Attachment 7

Comparison of the provisions before and after the amendments to the "Rules of Procedure of Shareholders' Meetings"

Article	Before amendment	After amendment	Description
Article 3	<p>Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p>Omitted hereinafter</p>	<p>Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p><u>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in the Articles of Incorporation and obtain a resolution of its board of directors. The convening of shareholders' meetings with video conferencing shall obtain approval by a majority vote of the directors in attendance at a Board of Directors meeting attended by two-thirds or more of the directors.</u></p> <p>Omitted hereinafter</p>	<p>Amended provisions related to virtual shareholders' meetings in line with regulatory adjustments by competent authorities</p>
Article 6-1:	<p>To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:</p> <p>1. Methods of shareholders participating in the video conference and exercising their rights.</p> <p>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to</p>	<p>To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:</p> <p>1. Methods of shareholders participating in the video conference and exercising their rights.</p> <p>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to</p>	<p>Amended provisions related to virtual shareholders' meetings in</p>

Article	Before amendment	After amendment	Description
	<p>natural disasters, accidents or other force majeure events, at least covering the following particulars:</p> <p>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</p> <p>(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>(3) When a physical shareholders' meeting is convened, along with a video conference, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.</p> <p>(4) The handling method in the event that the resolution results of all motions have been announced, while extraordinary motions have not been resolved.</p> <p>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders</p>	<p>natural disasters, accidents or other force majeure events, at least covering the following particulars:</p> <p>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</p> <p>(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>(3) When a physical shareholders' meeting is convened, along with a video conference, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.</p> <p>(4) The handling method in the event that the resolution results of all motions have been announced, while extraordinary motions have not been resolved.</p> <p>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders</p>	<p>line with regulatory adjustments by competent authorities</p>

Article	Before amendment	After amendment	Description
	with difficulties in attending a virtual shareholders meeting online shall be specified.	with difficulties in attending a virtual shareholders meeting online shall be specified. <u>Unless otherwise provided in Paragraph 6, Article 44-9 of the "Regulations Governing the Administration of Shareholder Services of Public Companies", the Company shall at least provide shareholders connection device and necessary assistance for the shareholders' meeting with video conferencing and shall specify the application period and other matters for shareholders.</u>	
Article 23	These Rules were established on June 30, 2008 The 1st amendment was made on June 17, 2011. The 2nd amendment was made on November 17, 2011. The 3rd amendment was made on June 21, 2012. The 4th amendment was made on June 20, 2013. The 5th amendment was made on June 17, 2015. The 6th amendment was made on June 18, 2020. The 7th amendment was made on August 27, 2021. The 8th amendment was made on June 16, 2022.	These Rules were established on June 30, 2008 The 1st amendment was made on June 17, 2011. The 2nd amendment was made on November 17, 2011. The 3rd amendment was made on June 21, 2012. The 4th amendment was made on June 20, 2013. The 5th amendment was made on June 17, 2015. The 6th amendment was made on June 18, 2020. The 7th amendment was made on August 27, 2021. The 8th amendment was made on June 16, 2022. <u>The 9th amendment was made on June 26, 2023</u>	Added amendment dates and number of amendments.

Comparison of Amendments to the “Procedures for the Acquisition and Disposal of Assets”

Article	Before amendment	After amendment	Description
Article 12	<p>Procedures for acquiring or disposing of derivative products</p> <p>I. Trading principles and guidelines</p> <p>(I) Transaction type</p> <p>1. The Company engages in derivative financial instruments, which are contracts (such as forward contracts, options, futures, interest rates or exchange rates, swaps, and compound contracts resulting from a combination of the above) whose values are derived from assets, interest rates, exchange rates, indices, or other interests.</p> <p>2. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>3. Matters related to the bond margin trading shall be handled in accordance with the relevant provisions of these Procedures. The provisions of these Procedures shall not apply to transactions of bonds with repurchase conditions.</p> <p>(II) Operating (hedging) strategies</p> <p>The Company engages in derivative financial instruments for the purpose of hedging risks, and the instruments traded should be selected to hedge the risks arising from the Company's business operations. The currencies held must be consistent with the Company's actual foreign currency</p>	<p>Procedures for acquiring or disposing of derivative products</p> <p>I. Trading principles and guidelines</p> <p>(I) Transaction type</p> <p>1. The Company engages in derivative financial instruments, which are contracts (such as forward contracts, options, futures, interest rates or exchange rates, swaps, and compound contracts resulting from a combination of the above) whose values are derived from assets, interest rates, exchange rates, indices, or other interests.</p> <p>2. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>3. Matters related to the bond margin trading shall be handled in accordance with the relevant provisions of these Procedures. The provisions of these Procedures shall not apply to transactions of bonds with repurchase conditions.</p> <p>(II) Operating (hedging) strategies</p> <p>The Company engages in derivative financial instruments for the purpose of hedging risks, and the instruments traded should be selected to hedge the risks arising from the Company's business operations. The currencies held must be consistent with the Company's actual foreign currency</p>	Adjustment of total contract amount and loss cap

Article	Before amendment	After amendment	Description
	<p>requirements for import and export transactions, and the Company's overall internal positions (i.e. foreign currency revenues and expenses) should be short squeezed in order to reduce the Company's overall foreign exchange risk and save foreign exchange operation costs. Other transactions for specific purposes must be carefully evaluated and submitted to the board of directors for approval before proceeding.</p> <p>(III) Division of rights and responsibilities</p> <p>1. Financial Department</p> <p>To obtain market information, judge trends and risks, be familiar with financial instruments and their related laws and regulations, and operating techniques, etc., and to engage in trading in accordance with the instructions and authorized parts of the competent supervisor in order to hedge the risks of market price fluctuations.</p> <p>Conduct regular assessments.</p> <p>Provide information on risk exposure positions.</p> <p>Measurement, monitoring and control of transaction risk.</p> <p>Reporting and announcement in accordance with the regulations of the competent authorities.</p> <p>2. Accounting Department</p> <p>Responsible for transaction confirmation, settlement and login details.</p> <p>The accounts are maintained and the financial statements are prepared in accordance with the GAAP.</p>	<p>requirements for import and export transactions, and the Company's overall internal positions (i.e. foreign currency revenues and expenses) should be short squeezed in order to reduce the Company's overall foreign exchange risk and save foreign exchange operation costs. Other transactions for specific purposes must be carefully evaluated and submitted to the board of directors for approval before proceeding.</p> <p>(III) Division of rights and responsibilities</p> <p>1. Financial Department</p> <p>To obtain market information, judge trends and risks, be familiar with financial instruments and their related laws and regulations, and operating techniques, etc., and to engage in trading in accordance with the instructions and authorized parts of the competent supervisor in order to hedge the risks of market price fluctuations.</p> <p>Conduct regular assessments.</p> <p>Provide information on risk exposure positions.</p> <p>Measurement, monitoring and control of transaction risk.</p> <p>Reporting and announcement in accordance with the regulations of the competent authorities.</p> <p>2. Accounting Department</p> <p>Responsible for transaction confirmation, settlement and login details.</p> <p>The accounts are maintained and the financial statements are prepared in accordance with the GAAP.</p>	

Article	Before amendment	After amendment	Description
	<p>3. Audit Department</p> <p>The internal auditors are responsible for understanding the appropriateness of the internal controls over derivative transactions and verifying the state of compliance of the trading department with the operating procedures, analyzing the transaction cycle, preparing audit reports, and submitting them to the Audit Committee for review by the end of the month following the completion of the audited items. In addition, if the internal auditors find any major irregularities or the company is in danger of suffering material losses, the Audit Department should prepare a report immediately and inform the Audit Committee.</p> <p>4. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. If the Company has independent directors appointed, the opinions of each independent director shall be fully considered at the discussion session of the board meeting. The clear consent or opposition and the reasons for an objection of the independent director shall be stated in the board meeting minutes.</p> <p>(IV) Performance evaluation</p>	<p>3. Audit Department</p> <p>The internal auditors are responsible for understanding the appropriateness of the internal controls over derivative transactions and verifying the state of compliance of the trading department with the operating procedures, analyzing the transaction cycle, preparing audit reports, and submitting them to the Audit Committee for review by the end of the month following the completion of the audited items. In addition, if the internal auditors find any major irregularities or the company is in danger of suffering material losses, the Audit Department should prepare a report immediately and inform the Audit Committee.</p> <p>4. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. If the Company has independent directors appointed, the opinions of each independent director shall be fully considered at the discussion session of the board meeting. The clear consent or opposition and the reasons for an objection of the independent director shall be stated in the board meeting minutes.</p> <p>(IV) Performance evaluation</p>	

Article	Before amendment	After amendment	Description
	<p>1. According to the size of the held position, set the profit and loss target and review it regularly.</p> <p>2. The performance evaluation should be compared with the pre-set evaluation benchmark on the evaluation date for reference of future decisions.</p> <p>(V) The total amount of the contract and the maximum amount of allowable loss that may be engaged in</p> <p>1. Contract value</p> <p>The total amount of contracts for hedging transactions shall not exceed the Company's actual total foreign currency demand for imports and exports or the balance of borrowings, whichever is higher.</p> <p>The total amount of contracts for other derivative transactions shall not exceed US\$2 million or its equivalent in other currencies.</p> <p>2. Loss limit</p> <p>Hedging transactions are costed at the time the contract is entered into and total losses and individual losses may not exceed the cost of inputs.</p> <p>The total loss on speculative contracts shall not exceed 1% of the Company's paid-in capital, and the loss on individual transactions shall not exceed US\$100,000 or its equivalent in other currencies.</p> <p>II. (Omitted)</p> <p>III. (Omitted)</p>	<p>1. According to the size of the held position, set the profit and loss target and review it regularly.</p> <p>2. The performance evaluation should be compared with the pre-set evaluation benchmark on the evaluation date for reference of future decisions.</p> <p>(V) The total amount of the contract and the maximum amount of allowable loss that may be engaged in</p> <p>1. Contract value</p> <p>The total amount of contracts for hedging transactions shall not exceed the Company's actual foreign currency demand for imports and exports or <u>20% of the net foreign currency position or net value of the balance of borrowings</u>, whichever is greater.</p> <p>The total amount of contracts for other derivative transactions shall not exceed US\$2 million or its equivalent in other currencies.</p> <p>2. Loss limit</p> <p>Since hedging transactions are costed at the time the contract is entered into, the total losses and individual losses may not exceed the cost of inputs.—: <u>The maximum loss for all contracts is 20% of the total amount of all contracts, and the maximum loss for individual contracts is 20% of the amount of individual contracts.</u> The total loss on speculative contracts shall not exceed 1% of the Company's paid-in capital, and the loss on individual transactions shall not</p>	

Article	Before amendment	After amendment	Description
	IV. (Omitted) V. (Omitted)	exceed US\$100,000 or its equivalent in other currencies. VI. (Omitted) VII. (Omitted) VIII.(Omitted) (Omitted)	
Article 15	<p>The Company's subsidiaries shall comply with the following regulations:</p> <p>I. Unless otherwise specified, a subsidiary company shall also establish and implement "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the parent company.</p> <p>II. When a subsidiary acquires or disposes of assets, it should also follow the Company's regulations.</p> <p>III. If a subsidiary is not a public company and acquires or disposes of assets that meet the announcement and reporting standards set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the parent company shall also file the announcement and reporting on behalf of the subsidiary.</p>	<p>The Company's subsidiaries shall comply with the following regulations:</p> <p>I. <u>Unless otherwise specified</u>, a subsidiary company shall also establish and implement "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the parent company.</p> <p>II. When a subsidiary acquires or disposes of assets, it should also follow the Company's regulations.</p> <p>III. If a subsidiary is not a public company and acquires or disposes of assets that meet the announcement and reporting standards set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the parent company shall also file the announcement and reporting on behalf of the subsidiary.</p>	<p>According to the Q&A for the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", it is specified that the subsidiaries should also follow the "Regulations Governing the</p>

Article	Before amendment	After amendment	Description
			Acquisition and Disposal of Assets by Public Companies" of the parent company, and the subsidiaries are not required to establish their own independent procedures.
Article 19	<p>The Procedures were established on June 30, 2009.</p> <p>The 1st amendment was made on June 17, 2011.</p> <p>The 2nd amendment was made on November 17, 2011.</p> <p>The 3rd amendment was made on June 21, 2012.</p> <p>The 4th amendment was made on June 20, 2013.</p> <p>The 5th amendment was made on June 13, 2014.</p> <p>The 6th amendment was made on June 15, 2017.</p> <p>The 7th amendment was made on June 18, 2019.</p> <p>The 8th amendment was made on June 18, 2020.</p>	<p>The Procedures were established on June 30, 2009.</p> <p>The 1st amendment was made on June 17, 2011.</p> <p>The 2nd amendment was made on November 17, 2011.</p> <p>The 3rd amendment was made on June 21, 2012.</p> <p>The 4th amendment was made on June 20, 2013.</p> <p>The 5th amendment was made on June 13, 2014.</p> <p>The 6th amendment was made on June 15, 2017.</p> <p>The 7th amendment was made on June 18, 2019.</p> <p>The 8th amendment was made on June 18, 2020.</p>	1. Added amendment dates and number of amendments.

Article	Before amendment	After amendment	Description
	The 9th amendment was made on June 16, 2022.	The 9th amendment was made on June 16, 2022. <u>The 10th amendment was made on June 26, 2023.</u>	

Name of Director and Independent Director Candidates and Related Information

Nominated category	Name of nominee	Education	Work experience	Current position	Shareholding
Director	Po-Jung Chen	MBA, San Francisco State University	Vice Chairman and General Manager of Speed Tech Corp.	Director of Global Connection (Samoa) Holding Inc. Director of Sunderland Inc. Director of San Francisco Inc. Director of All First Int'l Co., Ltd. Director of Morning Paragon Limited Director of Ta Yang UDE Limited Director (corporate representative) of CDE Corp. Director (corporate representative) of DYP Corp.	Not applicable.
Director	Min-Tzu Chen	Master in Automatic Control, University of Sunderland, the UK	Assistant General Manager of Speed Tech Corp.	General Manager of Dongguan Jian Guan P.E. Co., Ltd. Director and General Manager of Zhong Jiang U.D.E. Electronics Corp. Director (corporate representative) and General Manager of CDE Corp. Director of Continuous Growth Investment Co., Ltd. Director (corporate representative) of DYP Corp.	Not applicable.
Director	Chi-Ling Chen	Jen-Teh Junior College of Medicine, Nursing and Management	Piano teacher	Director of U.D. Electronics Corp.	Not applicable.

Director	Yu-Chan Shih	International Trade Department, Fu Jen Catholic University	Business Section Manager of Delta Electronics, Inc. Business Manager of Speed Tech Corp.	Director of U.D. Electronics Corp.	Not applicable.
Director	Chang-Chun Chien	Department of Auto Mechanics, Cheng-Kung Vocational Senior High School	Assistant General Manager of Da Ming Paper Industry Co., Ltd. General Manager of Sheng Chang Rong Trading Co., Ltd.	Chairman of Da Ming Paper Industry Co., Ltd.	Not applicable.
Director	Chun Feng Investment Co., Ltd.	Nil	Nil	Director of U.D. Electronics Corp. Director of Ledlink Optics Inc.	Not applicable.
Independent director	Kuang-Chao Fan	PhD in Mechanical Engineering, University of Manchester Institute of Science and Technology	Executive of the Tjing Ling Industrial Research Institute, National Taiwan University Chair of the Institute of Industrial Engineering, National Taiwan University Vice President of the College of Engineering, National Taiwan University Director representative of juridical person of N.T.U. Innovation Incubation Center Professor of the Department of Mechanical Engineering, National Taiwan University	Independent Director of U.D. Electronics Corp. Chairman of Optodyne International Co., Ltd. Director of 3DFamily Technology Co., Ltd. Director of Test Research, Inc.	Not applicable.

Independent director	Hsueh-Yu Liu	Department of Electronic Engineering, Fu Jen Catholic University	Manager of Manufacturing Business Department, HP Taiwan Information Technology Ltd. Assistant General Manager of WK Associates Ltd.	Independent Director of U.D. Electronics Corp. Director (corporate representative) of Portal Co., Ltd. Director (corporate representative) of FineArt Technology Co., Ltd. Director (corporate representative) of Portal International IPRs Service Co., Ltd. Supervisor of ELTA Technology Co., Ltd. Independent Director of Wieson Technologies Co., Ltd. Independent Director of Fitipower Integrated Technology Inc.	Not applicable.
Independent director	Hsu-Ling Wang	Bachelor in Accounting, National Chengchi University	Manager of Accounting Department, HP Taiwan Information Technology Ltd. Assistant General Manager and Chief Financial Officer of WK Associates Ltd.	Independent Director of U.D. Electronics Corp. Director of Po Chiang Co., Ltd. Supervisor of N.T.U. Innovation Incubation Center	Not applicable.

The following is a breakdown of the release of new directors from the non-competing clauses of the Company

Newly elected director	Concurrent posts in other companies
Po-Jung Chen	Director of Global Connection (Samoa) Holding Inc. Director of Sunderland Inc. Director of San Francisco Inc. Director of All First Int'l Co., Ltd. Director of Ta Yang UDE Limited Chairman of CDE Corp. (corporate representative) Director of Morning Paragon Limited Director (corporate representative) of DYP Corp.
Ming-Tzu Chen	General Manager of Dongguan Jian Guan P.E. Co., Ltd. Director and General Manager of Zhong Jiang U.D.E. Electronics Corp. Director (corporate representative) and President of CDE Corp. Director of Continuous Growth Investment Co., Ltd. Director (corporate representative) of DYP Corp.
Hsueh-Yu Liu	President of NTU Innovation & Incubation Co., Ltd. Director (corporate representative) of P-Duke Technology Co., Ltd. Director (corporate representative) of Fineart Technology Co., Ltd Director (corporate representative) of Portal International IPRs Service Co., Ltd. Director of ELTA Technology Co., Ltd. Independent director of Wieson Technologies Co., Ltd. Independent Director of Fitipower Integrated Technology Inc.
Kuang-Chao Fan	Director of 3DFamily Technology Co., Ltd. Director of Test Research, Inc. Chairman of Optodyne International Co., Ltd.
Hsu-Ling Wang	Director of Bo Chiang Co., Ltd. Supervisor of NTU Innovation & Incubation Co., Ltd.

Articles of Incorporation of U.D.ELECTRONIC CORP.

Chapter 1 General Provisions

- Article 1: The Company shall be incorporated under the Company Act, and its name shall be U.D.ELECTRONIC CORP.
- Article 2: The scope of business of the Company shall be as follows:
1. F219010 Retail Sale of Electronic Materials
 2. F401010 International Trade
 3. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company shall have its head office in Taoyuan City, and when it is determined to be necessary, upon the resolution of the board of directors, branch offices may be established domestically or overseas.
- Article 4: Deleted.

Chapter 2 Shares

- Article 5: The total capital of the Company shall be NT\$1,000,000,000, divided into 100,000,000 shares, at a par value of NT\$10 per share, and the board of directors is authorized to perform share issuance at discrete times. For the total capital amount described in the preceding paragraph, an amount of NT\$50,000,000 shall be reserved for the issuance of employee share subscription warrants of 5,000,000 shares, which may be issued at discrete times in accordance with the resolution of the board of directors.
- The subscription price of employee share subscription warrants issued after the public offering of the Company at TWSE/TPEX may be lower than the closing price of the Company's common share prices on the date of issuance; however, the issuance of such employee share subscription warrants shall only be made based on the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.

Article 6: The share certificates of the Company shall be in registered form, and shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

After the public offering of the Company, the printing of share certificates issued may be exempted, or a consolidated share certificate representing the total number of shares to be issued may be printed; however, the shares shall be registered with the centralized securities depository enterprise institution, and shall be handled in accordance to the regulations of such institution.

Article 7: Assignment/transfer of shares shall not be set up as a defense against the Company, unless the name or title and residence/domicile of the assignee/transferee have been recorded in the shareholders' roster of the Company.

The entries in the shareholders' roster described in the preceding paragraph shall not be altered within thirty days prior to the convening date of an ordinary shareholders' meeting, or within fifteen days prior to the convening date of an extraordinary shareholders' meeting, or within five days prior to the target date fixed by the issuing company for distribution of dividends, bonuses, or other benefits.

After the public offering of the Company, changes in the entries of the shareholders' roster described in Paragraph 1 shall not be permitted within sixty days prior to the convening date of an ordinary shareholders' meeting, or within thirty days prior to the convening date of an extraordinary shareholders' meeting.

The period described in the preceding two paragraphs shall be calculated from the meeting convention date or base date.

Article 8: After the public offering of the Company, relevant administration of the shareholder services of the Company, unless otherwise specified in the laws and regulations, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" announced by the competent authority.

Chapter 3 Shareholders' Meeting

Article 9: The shareholders' meeting shall be classified into two types: the ordinary shareholders' meeting and extraordinary shareholders'

meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened within six months after the end of each fiscal year. The extraordinary shareholders' meeting is convened according to the law whenever necessary. The shareholder's meeting convention procedures shall be handled according to the regulations of the Company Act.

Article 10: When a shareholder for any reason cannot attend a shareholders' meeting in person, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney according to Article 177 of the Company Act, and the power of attorney shall indicate the scope of authorization and must be signed or sealed.

Article 11: Each shareholder of the Company shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

Article 12: Except as otherwise provided by the Company Act, any resolution of a shareholders' meeting must be adopted by a majority of the voting rights-holding shareholders attending the meeting at which shareholders representing a majority of the total outstanding shares are present.

Article 12-1: When a shareholders' meeting is convened by the board of directors, the chairman of the board shall act as the chair of the meeting. In case where the chairman of the board is on leave or cannot exercise his or her power and authority due to reasons, the chairman of the board shall designate one director to act as the proxy thereof. In the absence of such designation, the directors shall elect from among themselves one person to act as the proxy thereof. The convention of shareholders' meetings, unless otherwise specified in the Company Act and these Article of Incorporation, shall comply with the Rules of Procedures for Shareholders' meetings of the Company.

Article 12-2: Resolutions made in a Shareholders' meeting shall be recorded in meeting minutes and shall be handled according to Article 183 of the Company Act.

Article 13: Deleted.

Chapter 4 Directors and Audit Committee

Article 14: The Company shall have five to nine directors with a term of office of three years, and directors are eligible for re-election.

In the roster of directors described above, the number of independent directors shall not be less than two and shall not be less than one-fifth of the total number of directors.

The election of directors of the Company shall adopt the candidates nomination system, and directors are elected by shareholders' meeting from the list of nominated director candidates.

The election of directors of the Company shall adopt the cumulative election method, and each share shall have the voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The candidates with ballots representing a greater number of voting rights shall be elected as directors.

The board of directors of the Company may establish remuneration committee or other functional committees depending upon the need of the business operation.

Article 14-1: The Company may purchase liability insurances for its directors and important staff.

Article 14-2: When the number of vacancies of directors reaches one-third of the total number of directors or when all of the independent directors are discharged, the board of directors shall convene an extraordinary shareholders' meeting within sixty days to fill the vacancies, and the term of office thereof shall be limited to fulfill the unexposed term of office of the predecessor.

Article 14-3: The Company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee shall consist of all of the independent directors. The audit committee or members of the audit committee shall be responsible for the execution of the authorities of supervisors in accordance with the provisions of the Company Act, Securities and Exchange Act, and other laws and regulations.

The members, exercise of authorities and other required compliance matters of the audit committee shall be handled according to

relevant laws and regulations, and the charter of the audit committee shall be further established by the board of directors.

Article 15: The board of directors shall consist of the Company's directors. The chairman shall be elected by a majority of the directors attending a meeting of the board of directors at which at least two-thirds of directors are present. The chairman shall represent the Company externally.

Article 16: In case the chairman is on leave or unable to exercise his/her functional duties for any reason, the person who acts on his/her behalf shall be appointed in accordance with the Article 208 of the Company Act.

Article 16-1: The board of directors' meetings shall be convened once quarterly. During the convention of a board of director's meeting, notices indicating the reasons of the convention shall be delivered to all directors seven days in advance; provided that in case of emergencies, such meeting may be convened at any time, and notice may be made via facsimile or email method based on the consent of the counterparty.

Article 16-2: Unless otherwise specified in the Company Act, a board of directors' meeting shall be attended by a majority of all directors, and resolutions shall be executed based on the consent of a majority of attending directors. In case where a director cannot attend due to reasons, he or she may issue a power of attorney indicating the scope of authority for the reasons of meeting convention in order to appoint another director to act as a proxy for attending the meeting on his or her behalf, provided that the proxy shall only accept the appointment of one director only. In addition, during the convening of a board of directors' meeting, if it is held with the video conference method, directors attending the meeting through video conference shall be deemed to attend the meeting in person.

Article 17: The board of directors is authorized to determine the remuneration of all directors according to the participation level in the Company's operation, contribution value of the directors along with the consideration of the common standard adopted in the same industry. The aforementioned remuneration of directors shall be paid regardless of whether the Company is operating at a profit or loss.

Chapter 5 Managerial Officers

Article 18: The Company may install managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to Article 29 of the Company Act.

Chapter 6 Accounting

Article 19: At the end of each fiscal year of the Company, the board of directors shall prepare reports and statements of (1) Business Report, (2) Financial Statements and (3) Proposal for Distribution of Earnings or Loss Compensation, according to statutory procedures for submission to the shareholders' meeting for ratification.

Article 20: When the Company has a profit for a fiscal year (where the profit refers to the profit before tax and before the deduction of distribution of remunerations of employees and directors), an amount equivalent to 3% to 15% thereof shall be appropriated as the remuneration of employees, which is to be distributed and issued in the form of shares or cash according to the resolution of the board of director, and the subjects for receiving such distribution may include employees of holding or subordinate companies satisfying certain criteria. The Company may appropriate no more than 3% of the aforementioned profit amount as the remuneration of directors according to the resolution of the board of directors.

However, profits must first be taken to offset cumulative losses, if any, before being distributed to employees and directors as remuneration at the percentages mentioned above.

Prior to the establishment of the audit committee of the Company, the remuneration of supervisors shall comply with the distribution ratio described in Paragraph 1.

Article 20-1: The subjects for the transfer of treasury shares repurchased and for the receipt of the employee share subscription warrants or new restricted employee shares and issuance of new shares of the Company according to the Company Act may include employees of a holding or subordinate company satisfying certain criteria, and the board of directors is authorized to determine the criteria and

distribution method through resolution.

Article 21: When the Company has a net income after tax for the final account of a fiscal year, the accumulated loss shall be compensated first, following by appropriating 10% thereof as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, such appropriation may be exempted. For the remaining amount, special reserve shall be set aside or reversed according to the laws and regulations. Subsequently, if there is still remaining amount, it shall be combined with the accumulated undistributed earnings for the board of directors to establish an earnings distribution proposal, followed by submission to the shareholders' meeting for resolution on the distribution of shareholders' dividends and bonuses, which shall adopt the method of issuance of new shares. In addition, The distributable dividends and bonuses in whole or in part shall be distributed in cash according to the resolution of a board of directors' meeting attended by more than two-thirds of the directors and the consents of a majority of attending directors, which shall also be reported to the shareholders' meeting.

In terms of dividend policies, the Company considers about the environment in which the Company belongs, future fund demands, long-term financial plans and the shareholders' needs for cash inflow. Following the principle of not distributing dividends lower than 10% of earnings after tax in current year, the Company may distribute dividends in shares or in cash, and the cash dividends cannot be lower than 10% of total shareholder bonus.

Chapter 7 Supplemental Provisions

Article 22: The Company may, based on its business needs, provide guarantees externally and invest in other businesses. The total amount of external investments may exceed 40% of the total paid-in capital of the Company, and the board of directors is authorized to execute such investments.

Article 22-1: After the public offering of the Company, when the Company plans to cancel the public offering of shares, it shall be proposed to the shareholders' meeting for resolution, and such clause shall not be changed during the public listing on the emerging market and TWSE/TPEX.

Article 23: Any matter not specified in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 24: These Articles of Incorporation were duly enacted on March 4, 2005.

The 1st amendment was made on February 1, 2007.

The 2nd amendment was made on August 7, 2007.

The 3rd amendment was made on December 24, 2007.

The 4th amendment was made on May 28, 2008.

The 5th amendment was made on June 30, 2008.

The 6th amendment was made on June 30, 2009.

The 7th amendment was made on June 30, 2010.

The 8th amendment was made on June 17, 2011.

The 9th amendment was made on November 17, 2011.

The 10th amendment was made on June 21, 2012.

The 11th amendment was made on June 17, 2015.

The 12th amendment was made on July 16, 2016.

The 13th amendment was made on June 14, 2018.


The 14th amendment was made on June 18, 2019.

The 15th amendment was made on June 18, 2020.

The 16th amendment was made on August 27, 2021.

U.D.ELECTRONIC CORP.

Chairman: Po-Jung Chen

	U.D. ELECTRONIC CORP.	
	Rules of Procedure for Shareholders Meetings	Serial No. IPD14

Article 1: To establish an excellent governance system for the Company's shareholders' meeting, improve the supervisory function, and strengthen the management function, these Rules are hereby set forth in accordance with the Company Act and the provisions of Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2: Unless otherwise stipulated by laws or regulations, the Rules of Procedure for the Company's shareholders' meeting shall be governed by these Rules.

Article 3: Unless otherwise provided by laws or regulations, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated

thereby.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit a written proposal to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Provided that where a shareholder's proposal is a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, it may be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the

board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A proposal submitted by shareholders must not exceed 300 Chinese characters. Any proposal containing more than 300 Chinese characters will not be included in the agenda.

A shareholder who has submitted a proposal must attend the regular shareholders' meeting in person or by proxy and participate in the discussion of his or her proposal.

The Company shall notify the shareholder submitting the proposal of the status of his or her proposal before the date when the notice of the shareholders' meeting is sent, and include the proposals that have met the requirements in this article in the meeting notice.

The Board shall provide reasons for not including a shareholder's proposal in the agenda at the shareholders' meeting.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m. Full consideration shall be given to

the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6: The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

If the shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference should register with the Company two days prior to the shareholders' meeting.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the

end of the meeting.

Article 6-1: To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (3) When a physical shareholders' meeting is convened, along with a video conference, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.
 - (4) The handling method in the event that the resolution results of all motions have been announced, while extraordinary motions have not been resolved.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7: The chairman of the board of directors shall chair the meeting in the case that the meeting is convened by the Board of Directors. If the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the

absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

If a shareholders' meeting is convened by video conference, the Company shall keep records of shareholders' registration, sign-in, questions raised, as well as voting and the Company's vote counting results and retain the records, while making an uninterrupted audio and video recording of the entire video conference.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by

correspondence or electronically.

The chair shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the attending shareholders fail to represent one third or more of the total number of issued shares after two postponements, the chair announces meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the online meeting platform.

In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

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

Article 10: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution by the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of

Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders to continue the meeting.

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

Vote counting for shareholders meeting proposals shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.

Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall

contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12: Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13: Each shareholder of the Company shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder's exercise of voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic

means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except for a declaration to revoke a prior expression of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or through a virtual meeting platform, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

After the chair has consulted with all the shareholders present without any objection, a proposal shall be deemed passed, and the effect thereof is the same as voting; where there is any objection, it shall be put to a vote in accordance with the provisions under the preceding paragraph.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The votes shall be counted in the shareholders' meeting and the results of the voting shall be reported and recorded on the spot.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be tallied at once after the

chair announces the voting session to have ended, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14: When there is an election of directors at the shareholders' meeting, the election shall be conducted in accordance with the relevant election regulations set forth by the Company, and the election results shall be announced immediately, including elected directors and the number of their voting rights and the list of unelected directors and supervisors and the number of their voting rights received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15: Resolutions made in a Shareholders' meeting shall be recorded in meeting minutes and shall be handled according to Article 183 of the Company Act.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and

secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

Article 16: On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification badge or an armband, reading "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the

proctors or security personnel to escort the shareholder from the meeting.

Article 18: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20: When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21: In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For the meeting to be postponed or resumed under paragraph 2, shareholders who have

registered to participate in the original shareholders' meeting by video conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with paragraph 2, the motions for which the voting and counting of votes have been completed and the voting results or the list of elected directors or supervisors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, supplemented by a video conference, if the video conference cannot continue as under paragraph 2, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with paragraph 2.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company's shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22: These Rules and all amendments thereto shall be enforced upon approval by a shareholders' meeting.

Article 23: These Rules were established on June 30, 2008

The 1st amendment was made on June 17, 2011.

The 2nd amendment was made on November 17, 2011.

The 3rd amendment was made on June 21, 2012.


The 4th amendment was made on June 20, 2013.

The 5th amendment was made on June 17, 2015.

The 6th amendment was made on June 18, 2020.

The 7th amendment was made on August 27, 2021.

The 8th amendment was made on June 16, 2022.

	<h1 style="text-align: center;">U.D. ELECTRONIC CORP.</h1>	
	<h2 style="text-align: center;">Procedures for the Acquisition and Disposal of Assets</h2>	<p style="text-align: center;">Serial No. IPD06</p>

- Article 1 Objective
- In order to protect the Company's assets and implement the disclosure of information, we have established these Procedures.
- Article 2 Legal basis
- This procedure is based on the provisions of Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
- Article 3 The scope of assets.
1. Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
 3. Memberships.
 4. Intangible assets: including patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 9. Other major assets.
- Article 4 Definitions
- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward

contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Subsidiaries: As defined in SFAS No. 5 and SFAS No. 7 issued by the Accounting Research and Development Foundation (ARDF).
- V. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- VI. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VII. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VIII. The term "most recent financial statements" refers to the most recent financial statements of the Company that have been audited or reviewed by an accountant prior to the acquisition or disposal of assets.

Article 5 Limits on investment in real property not for business use and its right-to-use assets or marketable securities

In addition to acquiring assets for business use, the Company and its subsidiaries

may invest in real property and its right-to-use assets or marketable securities that are not for business use, subject to the following limits, respectively:

- I. The total amount of real estate and its right-to-use assets that are not intended for business use shall not exceed 15% of the Company's most recent net financial statements.
- II. The total amount of marketable securities shall not exceed 50% of the Company's most recent net financial statements.
- III. The limit on investment in individual securities shall not exceed 20% of the Company's most recent net financial statements.
- IV. However, shares received by the Company as a result of distribution of surplus earnings or capitalization of legal reserves by its invested company shall not be included in the total amount of investments.

The Company's investment in marketable securities is not limited to direct or indirect 100% ownership of an investee company. U.D. Electronic Corp. may not quit capital increase in Global Connection (Samoa) Holding Inc. (hereinafter referred to as GCH) in future years; GCH may not quit capital increase in Sunderland Inc. (hereinafter referred to as SDI), San Francisco Inc. (hereinafter referred to as SFI), Orient Express Int'l Co., Ltd. (hereinafter referred to as OEI) and All First Int'l Co., Ltd. (hereinafter referred to as AFI) in future years; SDI and SFI may not quit capital increase in Dongguan Jian Guan P.E. Co., Ltd. (hereinafter referred to as Dongguan Jian Guan) and Zhong Jiang U.D.E. Electronics Corp. (hereinafter referred to as Zhong Jiang U.D.E.) respectively in future years. In the future, if U.D. ELECTRONIC CORP. has to quit capital increase in the above companies or dispose shareholdings of the above companies due to strategic alliance related considerations or with the approval of the TPEX, the actions will need to be approved by a special resolution at the Board of Directors meetings of U.D. ELECTRONIC CORP.

Article 6

Qualification restrictions

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or

for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- (I) Prior to accepting a case, the appraisers shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When undertaking a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (III) They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 7 Procedures for acquiring or disposing of property, equipment or right-of-use assets

- I. Evaluation and operation procedures
The Company acquires or disposes of property, equipment or right-of-use assets in accordance with the Company's internal control system's property, equipment or right-of-use asset cycle procedures.
- II. Procedures for determining the terms of the transaction and the authorized amount
 - (I) When acquiring or disposing of real property or right-to-use assets, the

Company shall resolve the terms of the transaction and the transaction price with reference to the announced present value, the appraised value, and the actual transaction price of nearby real estate, and prepare an analysis report. If the amount is less than NT\$50 million, it shall be submitted to the chairman for approval; if the amount exceeds NT\$50 million, it shall be submitted to the board of directors for approval.

- (II) The acquisition or disposal of equipment or right-to-use assets shall be made by inquiry, comparison, bargaining or tender. If the amount is less than NT\$50 million (inclusive), it shall be approved at each level in accordance with the approval authority; if the amount exceeds NT\$50 million, it shall be approved by the chairman and submitted to the board of directors for approval.

III. Execution unit

When the Company acquires or disposes of property, equipment or right-of-use assets, the Company shall submit the approval in accordance with the aforementioned approval authority, and the user department and the management unit shall be responsible for the execution of the approval.

IV. Valuation report of property, equipment or right-of-use assets

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) If the professional appraiser's appraisal result is one of the following, a certified public accountant shall be engaged to render a specific opinion

regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8 Procedures for the acquisition or disposal of investments in marketable securities

I. Evaluation and operation procedures

The purchase and sale of the Company's securities are conducted in accordance with the Company's internal control system and investment cycle.

II. Procedures for determining the terms of the transaction and the authorized amount

When acquiring or disposing of securities, the Company shall obtain the most recent financial statements of the subject company that have been audited or reviewed by a certified public accountant prior to the date of occurrence of the fact as a reference for evaluating the transaction price. The amount is approved at each level according to the approval authority, and an analysis report of unrealized gain or loss on marketable securities is also submitted. If the amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

This requirement does not apply to cash capital increases for working capital

needs of investee companies that are 100% held directly or indirectly by the Company.

III. Execution unit

When the Company invests or disposes of marketable securities, the financial unit shall be responsible for the execution of the investment after submitting the approval in accordance with the approval authority.

IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8-1: The calculation of the transaction amounts referred to in the preceding Articles 7, 8, and 10 shall be done in accordance with Article 14, paragraph 1, subparagraph 1, item 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9 Procedures for acquiring or disposing of property, equipment or right-of-use assets from related parties

I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to the procedures for acquiring or disposing of assets in accordance with Article 7, the Company and its related parties shall also follow the following procedures for resolution and evaluation of the reasonableness of the transaction conditions. If the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Evaluation and operation procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total

assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following information have been approved by one-half or more of all Audit Committee members, and approved by the board of directors:

- (I) The purpose, necessity, and expected benefits for the acquisition and disposal of assets;
- (II) The reason for having the related party selected as the counterparty;
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information related to the appraisal of the reasonableness of the predetermined transaction terms in accordance with the provisions of subparagraphs 1 and 4 of paragraph 3 of this Article.
- (IV) The original acquisition date and price of the related party, the counterparty, and its relationship with the company and the related party;
- (V) The monthly cash receipts and payments forecast in the coming year starting from the contracting month, and assessing the necessity of the transaction and the rationality of the use of funds;
- (VI) The appraisal report issued by the professional appraiser or accountant's opinion obtained in accordance with the provisions stated in the preceding paragraph;
- (VII) The restrictions and other important agreed matters of this transaction;

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to subparagraph 2, paragraph 1, Article 7 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof

held for business use.

2. Acquisition or disposal of the property or its use-of-right assets for business operation;

When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be duly recorded in the minutes of the board of directors meeting.

The Company has established an Audit Committee in accordance with the law, matters shall be approved by at least one-half of all members of the Audit Committee and submitted to the board of directors for resolution in accordance with Article 17.

If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 1 of Article 14 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors need not be counted toward the transaction amount.

III. Evaluation of the reasonableness of transaction costs

- (I) When the Company acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of

Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
 - (III) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the subparagraphs 1 and 2 of paragraph 3 shall also engage a CPA to check the appraisal and render a specific opinion.
 - (IV) If the appraisal results of the Company's acquisition of real estate or right-of-use assets from a related party are lower than the transaction price in accordance with the provisions of subparagraphs 1 and 2 of paragraph 3 of this Article, the Company shall follow the provisions of subparagraph 5 of paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - ① Where undeveloped land is appraised in accordance with the method of assessment stipulated in the first three paragraphs of the third paragraph of this article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average

gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- ② Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. When the Company acquires real property, or obtains real property right-of-use assets through leasing from a related party or provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

- (V) If the Company acquires real estate or right-to-use assets from a related party and the appraisal results are lower than the transaction price in accordance with subparagraphs 1 and 2 of paragraph 3 of this Article, the Company shall proceed with the following:

1. For the difference between the transaction price and assessed cost of the property and its use-of-right assets, a special reserve shall be appropriated in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act, and it shall not be distributed or capitalized with stock shares distributed. When the Company employs the equity method to account for its investment in another company, then the special reserve called for under Article 41,

paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Deleted.

3. Actions taken pursuant to the execution of items 1 and 2 of subparagraph 5 of paragraph 3 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(VI) If the Company acquires real estate or right-to-use assets from a related party under any of the following circumstances, the Company shall comply with the provisions of the paragraphs 1 and 2 of this Article regarding the appraisal and operating procedures, and the provisions of the subparagraphs 1, 2, and 3 of paragraph 3 this Article regarding the evaluation of the reasonableness of the transaction costs shall not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(VII) The Company and public companies whose investments in the Company are accounted for under the equity method are provided with special reserve as described above may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(VIII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 3, subparagraph 5 of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10 Procedures for acquiring or disposing of membership cards or right-to-use assets or intangible assets

I. Evaluation and operation procedures

The Company acquires or disposes of memberships or right-of-use assets or intangible assets in accordance with the Company's internal control system's property, equipment or right-of-use asset cycle procedures.

II. Procedures for determining the terms of the transaction and the authorized amount

(I) To acquire or dispose of a membership certificate, the Company shall make reference to the fair market price, decide on the trading conditions and transaction price, and prepare an analysis report. If the amount is less than NT\$5 million, it shall be submitted to the chairman for approval; if the amount exceeds NT\$5 million, it shall be submitted to the board of directors for approval.

(II) When acquiring or disposing of a right-of-use asset or intangible asset, the Company shall make reference to the fair market value, decide on the terms of the transaction and the transaction price, and prepare an analysis report. If the amount is less than 10% of the paid-in capital or NT\$50 million, it shall be submitted to the chairman for approval; if the amount exceeds NT\$50 million, it shall be submitted to the board of directors for approval.

III. Execution unit

When the Company acquires or disposes of membership certificates or right-of-use assets or intangible assets, it shall be submitted for approval in accordance with the approval authority, and the user department and the financial unit or management unit shall be responsible for their execution.

IV. Membership certificate or right-to-use asset or intangible asset expert appraisal report

(I) The Company shall obtain an appraisal report from an expert if the transaction amount of the membership certificate acquired or disposed of reaches 1% of the paid-in capital or NT\$5 million or more.

(II) The Company shall obtain an appraisal report from an expert for the

acquisition or disposal of right-to-use assets or intangible assets amounting to 10% of the paid-in capital or NT\$50 million or more.

(III) When the Company acquires or disposes of membership rights assets or intangible assets with a transaction amount of 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 11 Procedures for acquiring or disposing of claims of financial institutions

In principle, the Company does not engage in transactions to acquire or dispose of the claims of financial institutions. If the Company wishes to engage in transactions to acquire or dispose of the claims of financial institutions in the future, it will submit its evaluation and operating procedures to the board of directors for approval.

Article 12 Procedures for acquiring or disposing of derivative products

I. Trading principles and guidelines

(I) Transaction type

1. The Company engages in derivative financial instruments, which are contracts (such as forward contracts, options, futures, interest rates or exchange rates, swaps, and compound contracts resulting from a combination of the above) whose values are derived from assets, interest rates, exchange rates, indices, or other interests.
2. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
3. Matters related to the bond margin trading shall be handled in accordance with the relevant provisions of these Procedures. The provisions of these Procedures shall not apply to transactions of bonds with repurchase conditions.

(II) Operating (hedging) strategies

The Company engages in derivative financial instruments for the purpose of hedging risks, and the instruments traded should be selected to hedge the risks arising from the Company's business operations. The currencies held must be consistent with the Company's actual foreign currency requirements for import and export transactions, and the

Company's overall internal positions (i.e. foreign currency revenues and expenses) should be short squeezed in order to reduce the Company's overall foreign exchange risk and save foreign exchange operation costs. Other transactions for specific purposes must be carefully evaluated and submitted to the board of directors for approval before proceeding.

(III) Division of rights and responsibilities

1. Financial Department

- ① Obtain market information, judge trends and risks, be familiar with financial instruments and their related laws and regulations, and operating techniques, etc., and to engage in trading in accordance with the instructions and authorized scopes of the competent supervisor in order to hedge the risks of market price fluctuations.
- ② Conduct regular assessments.
- ③ Provide information on risk exposure positions.
- ④ Measurement, monitoring and control of transaction risk.
- ⑤ Reporting and announcement in accordance with the regulations of the competent authorities.

2. Accounting Department

- ① Responsible for transaction confirmation, settlement and login details.
- ② The accounts are maintained and the financial statements are prepared in accordance with the GAAP.

3. Audit Department

The internal auditors are responsible for understanding the appropriateness of the internal controls over derivative transactions and verifying the state of compliance of the trading department with the operating procedures, analyzing the transaction cycle, preparing audit reports, and submitting them to the Audit Committee for review by the end of the month following the completion of the audited items. In addition, if the internal auditors find any major irregularities or the company is in danger of suffering material losses, the Audit Department should prepare a report immediately and inform the Audit Committee.

- 4. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent

and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. If the Company has independent directors appointed, the opinions of each independent director shall be fully considered at the discussion session of the board meeting. The clear consent or opposition and the reasons for an objection of the independent director shall be stated in the board meeting minutes.

(IV) Performance evaluation

1. According to the size of the held position, set the profit and loss target and review it regularly.
2. The performance evaluation should be compared with the pre-set evaluation benchmark on the evaluation date for reference of future decisions.

(V) The total amount of the contract and the maximum amount of allowable loss that may be engaged in

1. Contract value

- ① The total amount of contracts for hedging transactions shall not exceed the Company's actual total foreign currency demand for imports and exports or the balance of borrowings, whichever is higher.
- ② The total amount of contracts for other derivative transactions shall not exceed US\$2 million or its equivalent in other currencies.

2. Loss limit

- ① Since hedging transactions are costed at the time the contract is entered into, the total losses and individual losses may not exceed the cost of inputs.
- ② The total loss on speculative contracts shall not exceed 1% of the Company's paid-in capital, and the loss on individual transactions shall not exceed US\$100,000 or its equivalent in other currencies.

II. Risk management measures.

- (I) Credit risk management: Counterparties are limited to financial institutions with which the Company has business dealings.
- (II) Market risk management: mainly engaged in hedging transactions.
- (III) Liquidity risk management: Ensure liquidity, confirm that the transaction amount will not cause liquidity shortage before transaction.
- (IV) Cash flow risk management: In order to ensure the stability of the

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

(V) Operational risk management:

1. Thoroughly comply with the Company's authorized limit, operating procedures and incorporate internal auditing to avoid operational risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

(VI) Legal risk management: Any document signed with banks must be reviewed by the Company's legal counsel or specialists before it is formally officiated to avoid legal risks.

(VII) Commodity risk management: Traders should have complete professional competence in trading financial instruments and require full disclosure of information to and from banks, and enhance communication between the two parties to avoid cognitive differences and reduce possible losses.

III. Internal audit system

(I) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

(II) Internal auditors shall report the audit report together with the annual

audit of internal audit operations in accordance with the regulations of the competent authority by the end of February of the following year, and shall report the improvement of irregularities in accordance with the regulations of the competent authority no later than the end of May of the following year for inspection.

IV. Regular evaluation methods and the handling of irregular circumstances.

- (I) The Board of Directors shall authorize senior management to regularly monitor and evaluate whether derivative transactions are conducted in accordance with the Company's trading procedures and whether the risks assumed are within the allowable range of commitments. If there are any abnormalities in the market price evaluation report (e.g., if the holding position exceeds the loss limit), the Company shall immediately report to the board of directors and take appropriate measures.
- (II) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

V. The Board of Directors shall in principle supervise and manage the derivative transactions.

- (I) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. Its management principles are as follows:
 - 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the procedures for engaging in derivatives trading formulated by the Company.
 - 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (III) When the Company engages in derivative transactions, if the Company

authorizes the relevant personnel to handle such transactions in accordance with the provisions of the "Procedures for Handling Derivative Transactions", the Company shall report the matter to the Board of Directors afterwards.

- (IV) When the Company engages in derivative transactions, the Company shall establish a record book to record details of the types and amounts of derivative transactions engaged in, the dates approved by the Board of Directors, and the matters that should be carefully evaluated in accordance with subparagraph 2 of paragraph 4 and subparagraphs 1 and 2 of paragraph 5 of this Article in the record book.

Article 13 Procedures for merger, demerger, acquisition, or transfer of shares

I. Evaluation and operation procedures

- (I) In the event of a merger, demerger, acquisition or transfer of shares, the Company shall appoint an attorney, accountant and securities underwriter to jointly discuss the estimated timetable for the statutory procedures and organize a dedicated group to carry out the procedures in accordance with the statutory procedures. Before convening the board of directors' meeting to resolve on the matter, the board of directors shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall prepare a public document to the shareholders, together with the expert opinion in subparagraph 1 of paragraph 1 of this Article and the notice of a shareholders' meeting, prior to the shareholders' meeting for the purpose of determining whether to agree to the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies

participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other points to note

- (I) Date of the board of directors' meeting and shareholders' meeting: Companies participating in a merger, demerger or acquisition shall hold a board of directors' meeting and a shareholders' meeting on the same day to resolve matters related to the merger, demerger or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

If the Company participates in a merger, demerger, acquisition, or transfer of shares of a company that is listed or whose shares are traded on the stock exchange and a company that is not listed or whose shares are traded on the OTC market, the Company shall enter into an agreement with such company and make a complete written record of the following information and retain it for five years for inspection:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

- (II) Ex ante confidentiality undertaking: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (III) Principles for determining and changing the share exchange ratio or acquisition price: When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. In principle, the share exchange ratio or acquisition price may not be changed arbitrarily, except when the conditions for such change have been stipulated in the contract and disclosed to the public. The conditions under which the share exchange ratio or acquisition price may be changed are as follows:
1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 2. An action, such as a disposal of major assets, that affects the Company's financial operations.
 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (IV) The contract shall contain the following: The contract for participation

by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (VI) If a company participating in a merger, demerger, acquisition or transfer of shares is not a public company, the Company shall enter into an agreement with such company and shall comply with the provisions of subparagraph 1 of paragraph 2 of this Article regarding the date of the meeting of the Board of Directors, subparagraph 2 regarding the prior confidentiality undertaking, and paragraph 5 regarding changes in the number of companies participating in a merger, demerger, acquisition or

transfer of shares.

Article 14 Procedures for public disclosure of information after a public offering

I. Criteria of declaration items and declaration criteria that should be announced:

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (IV) The type of assets acquired or disposed of is machinery and equipment for business use or right-to-use assets, and the counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
- (V) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- (VI) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
 - 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by

domestic securities investment trust enterprises.

(VII) The calculation of the transaction amounts in the preceding paragraphs (1) to (6) is as follows, and the said "within the preceding year" is based on the date of occurrence of the transaction and projected one year backward, and the part that has been announced in accordance with the regulations is not counted again.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. Time limit for making announcement and declaration

If the Company acquires or disposes of assets in line with items should be announced as defined in the first item of this Article and the transaction amount reaches the standard that should be announced and reported in this Article, the Company shall make an announcement and report within two days from the date of occurrence of the fact.

III. Announcement and reporting procedures.

- (I) The Company shall report the relevant information in an announcement on the website designated by the FSC.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

- (IV) When the Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, record books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to the originally publicly announced and reported information.

- Article 15 The Company's subsidiaries shall comply with the following regulations:
- I. Unless otherwise specified, a subsidiary company shall also establish and implement "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the parent company.
 - II. When a subsidiary acquires or disposes of assets, it should also follow the Company's regulations.
 - III. If a subsidiary is not a public company and acquires or disposes of assets that meet the announcement and reporting standards set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the parent company shall also file the announcement and reporting on behalf of the subsidiary.
 - IV. In the announcement and reporting standards of the subsidiaries, the amount of 20% of the Company's paid-in capital or 10% of the Company's total assets is referred to as the Company's paid-in capital.

- Article 16 Penalties
- Any employee of the Company who undertakes to acquire and dispose of assets in violation of these procedures shall be reported in accordance with the Company's personnel regulations and shall be punished according to the severity of the case.

Article 17 Implementation and amendments

The Company's "Procedures for the Acquisition or Disposal of Assets" are approved by one-half or more of the Audit Committee and then submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for approval. The same shall apply in subsequent amendments. If the approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting. If the Company has independent directors appointed, when submitting the "Procedures for the Acquisition or Disposal of Assets" to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each independent director shall be fully considered, and the opinions and reasons for their consent or objections shall be included in the minutes of the meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Article 18 Supplemental Provisions

Any matters not covered by these Procedures shall be handled in accordance with the relevant laws and regulations.

Article 19 The Procedures were established on June 30, 2009.

The 1st amendment was made on June 17, 2011.

2nd The second amendment was made on November 17, 2011.

The 3rd amendment was made on June 21, 2012.

The 4th amendment was made on June 20, 2013.

The 5th amendment was made on June 13, 2014.

The 6th amendment was made on June 15, 2017.

The 7th amendment was made on June 18, 2019.

The 8th amendment was made on June 18, 2020.

The 9th amendment was made on June 16, 2022.

	U.D. ELECTRONIC CORP.	
	Regulations Governing the Election of Directors	Serial No. IPD15

Article 1 For the purpose of fair, impartial and open election of directors, I hereby establish this procedure in accordance with Article 21 of the "Code of Governance Practices for Listed Companies".

Article 2 The election of directors of the Company shall be in accordance with these procedures unless otherwise provided by law or the Articles of Incorporation.

Article 3 The Company shall consider the overall configuration of the Board of Directors in the selection of directors. The composition of the Board of Directors shall take into account diversity, and shall formulate appropriate diversity guidelines with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

- I. Basic conditions and values: gender, age, nationality and culture, etc.
- II. Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Members of the Board should generally possess the knowledge, skills and qualities necessary to carry out their duties and the overall competencies they should possess are as follows:

- I. Operational judgment.
- II. Accounting and financial analysis skills.
- III. The ability to operate management.
- IV. Crisis handling ability.
- V. Industry knowledge.
- VI. The international market view.
- VII. Leadership.
- VIII. Decision-making ability.

More than half of the directors shall be directors and shall not be related to each other as spouses or second degree relatives.

The Board of Directors of the Company shall consider adjusting the composition of The Board of Directors based on the results of the performance evaluation.

Article 4 Deletion of Provisions.

Article 5 The qualifications of independent directors of the Company shall be in accordance with Articles 2, 3 and 4 of the "Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies".

The election of independent directors of the Company shall be in accordance with Articles 5, 6, 7, 8 and 9 of the "Regulations Governing the Establishment of and Matters to be Followed by Independent Directors of Public Companies" and shall be in accordance with Article 24 of the "Code of Corporate Governance for Listed Companies".

Article 6 The election of independent directors of the Company shall be conducted in accordance with the procedures of the nomination system for candidates under Article 192-1 of the Company Act.

If the number of directors is less than five for any reason, the Company shall hold a by-election at the latest shareholders' meeting. However, if the number of directors' vacancies reaches one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an interim shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the fact.

If the number of independent directors is less than the first proviso of Article 14-2 of the Securities and Exchange Act and the relevant provisions of the ROC Over-the-Counter Securities Trading Center, a by-election shall be held at the latest shareholders' meeting; if all independent directors are dismissed, a by-election shall be held within 60 days from the date of the fact. In the event that all of the independent directors are dismissed, a by-election shall be held at an interim shareholders' meeting within 60 days from the date of occurrence.

Article 7 The Company shall adopt the cumulative voting system for the election of directors, and each share shall have the same number of votes as the number of directors to be elected, and may elect one person centrally or allocate the election to several persons.

Article 8 The Board of Directors shall prepare an election ballot with the same number of directors as the number of directors to be elected, and fill in the number of their rights, and distribute it to the shareholders attending the shareholders' meeting. The names of the electors shall be replaced by the attendance card numbers printed on the election ballot.

Article 9 If there are more than two persons with the same number of votes and the number of seats exceeds the required number, the number of votes shall be drawn by lot by the persons with the same number of votes, and the chairman shall draw lots for those who are not present.

Article 10 Before the election begins, the chairman shall appoint a number of scrutineers and tellers to perform the relevant duties, among which the scrutineers must have the status of shareholders. The ballot boxes shall be prepared by the Board of Directors and shall be opened by the scrutineers in public before the voting.

Article 11 If the electee is a shareholder, the elector shall fill in the name of the electee and the shareholder's account number in the elector column of the election ballot; if he/she is not a shareholder, he/she shall fill in the name of the electee and the number of the identity document. However, if the government or a corporate shareholder is the electee, the name of the government or corporate shall be listed in the Elected Name column of the ballot, and the name of the government or corporate and the name of its

representative may also be listed; if there are several representatives, the names of the representatives shall be added separately.

Article 12 The election ballot shall be invalid if any of the following occurs:

- (1) Those who do not use the ballot prepared by the Board of Directors.
- (2) Those who put in the ballot box with a blank ballot.
- (3) The handwriting is illegible or has been altered.
4. If the name of the electee is a shareholder, the name and shareholder number of the electee do not match with the register of shareholders; if the name of the electee is not a shareholder, the name and identity document number of the electee do not match with the register of shareholders.
- (5) The name of the electee (name) or the shareholder's account number (identification number) and the number of allocated election rights are written in addition to other words.
6. The names of the elected persons are the same as those of other shareholders without the shareholder's account number or identification document number to identify them.
- G. The same ballot should be filled out by two or more electees.

Article 13 The chairman of the board of directors shall announce the election list of directors on the spot after the ballot is completed.

Article 14 The contents of this Article shall be deleted.

Article 15 This Law shall come into effect upon the approval of the shareholders' meeting, and shall be amended accordingly.

Article 16: These Regulations were established on June 30, 2008.

The first amendment was made on November 17, 2011.

The second amendment was made on June 17, 2015.

The third amendment was made on June 14, 2018.

The fourth amendment was made on June 18, 2020.

U.D. ELECTRONIC CORP.

Shareholding of All Directors

1. The paid-in capital of the Company as of the book closure date prior to the shareholders' meeting (2023.04.28) was NT\$772,522,120 and the number of issued shares was 77,252,212.
2. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all directors is 6,180,176 shares, and the Company has an Audit Committee, so there is no statutory number of shares required to be held by supervisors.
3. The number of shares held by all directors and supervisors has met the requirements of the Act and the breakdown of shares held on the closing date is set out in the table below:

Title	Name or title	Shareholding	Shareholding ratio
Chairman	Po-Jung Chen	1,886,299	2.44%
Director	Ming-Tzu Chen	1,887,559	2.44%
Director	Chi-Ling Chen	1,210,489	1.57%
Director	Yu-Chan Shih	734,006	0.95%
Director	Chang-Chun Chien	1,116,394	1.45%
Director	Chun Feng Investment Co., Ltd. Representative: Te-Chang Yao	281,000	0.36%
Independent director	Hsueh-Yu Liu	0	0
Independent director	Kuang-Chao Fan	0	0
Independent director	Hsu-Ling Wang	0	0
All shareholders		7,115,747	9.21%

Note: In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if two or more independent directors are elected, the percentage of shareholdings of all directors other than independent directors is reduced to 80%.