



# U.D. ELECTRONIC CORP. 2024 Annual Shareholders' Meeting

## Meeting Handbook

Date: June 18, 2024

Venue: No. 200, Section 1, Daxing W Road,  
Taoyuan District, Taoyuan City (Cherry  
Blossom Room at 3F of Fullon Hotel  
Taoyuan)

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U.D. ELECTRONIC CORP.

2024 Annual Shareholders' Meeting Agenda

Time: Tuesday, June 18, 2024 (9:00 a.m.)

Venue: No. 200, Section 1, Daxing W Road, Taoyuan District, Taoyuan City (Cherry Blossom Room at 3F of Fullon Hotel Taoyuan)

Form: Physical

I. Call to order

II. Chairman's opening remarks

III. Report items

(I.) 2023 Business Report

(II) 2023 Audit Committee's Review Report

(III.) Report on the distribution of employees' and directors' remuneration in 2023.

(IV.) 2023 Earnings distribution report

(V) Report on the issuance of the Company's 4th domestic unsecured convertible corporate bonds.

IV. Ratifications

(I) 2023 Business Report and financial statements

(II) 2023 earnings distribution table

V. Discussions

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

VI. Motions

VII. Meeting adjourned

## Report Items

### I. 2023 Business Report and financial statements

Description: Please refer to pages 5–7 of this Handbook (Attachment 1) for the Company's 2023 Business Report.

### II. Audit Committee's Review Report for 2023

Description: Please refer to page 8 of this Handbook (Attachment 2) for the Company's 2023 Audit Report.

### III. Report on the distribution of employees' and directors' remuneration in 2023.

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 2023, the Company's pre-tax income before employee remuneration and directors' remuneration was NT\$484,574,465. For 2023, the Company provided approximately 6.29% as employee remuneration amounting to NT\$30,500,000 and 1.96% as directors' remuneration amounting to NT\$9,500,000, both in cash.

### IV. 2023 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\$194,450,859, at NT\$2.47 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.
- (4) The amount of cash dividend will be truncated to the nearest dollar. Fractional amounts of less than NT\$1 will be summed up and allocated based on the size of decimals in descending order and shareholders' account number in ascending order until the total amount of cash dividend is allocated.

### V. Report on the issuance of the Company's 4th domestic unsecured convertible corporate bonds.

Corporate bond type	4th domestic unsecured convertible corporate bonds
Issue date	March 5, 2024
Face value	NT\$ a hundred thousand

Issuance and transaction location	Taipei Exchange
Issue Price	Issued at 100.5% of the par value
Total	NT\$ five hundred million
Interest rate	Coupon rate 0%
Duration	Three years. Deadline: March 5, 2027
Reason for fundraising	Repayment of bank loan
Amount not repaid	NT\$500,000,000
Remarks	Nil

## Ratifications

Proposal 1 (Proposed by the board of directors)

Subject: The 2023 Business Report and financial statements are submitted for ratification.

Description: 1. The Company's Parent Company Only Financial Statements and Consolidated Financial Statements for 2023 have been duly audited by the attesting CPAs Robert Yu and Chiangshiun 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 5–7 (Attachment 1) and 9–29 (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 2023 is submitted for ratification.

Description: The Board of Directors has approved the 2023 earnings distribution table. Please refer to attachment 4 on page 30 of this Handbook.

Resolution:

## **Discussions:**

Proposal 1 Proposed by the board of directors

Subject: Amendments to certain provisions of the “Articles of Incorporation”.

Remarks: 1. In response to the amendments made by the competent authority to the Directions for Compliance Requirements on the Establishment of Board of Directors of TPEx-Listed Companies and the Board's Exercise of Powers.

2. Please refer to Attachment 5 on pages 31 to 32 of this Handbook for a comparison of the provisions of the Company's Articles of Incorporation before and after the amendments.

Resolution:

## **Extraordinary motions**

## **Adjournment**

## 2023 Business Report

### I. 2023 Business Results

#### (I) Implementation of operational plan

For 2023, the Company's net operating revenue was NT\$5,134,730 thousand, a 4% increase of NT\$5,364,053 thousand from 2022. Net income was NT\$384,715 thousand, a 17% increase of NT\$327,372 thousand from 2022.

(II) Budget Execution: No financial forecast was made public in 2023, so there is no budget execution matters to disclose.

#### (III) Financial income and expense and profitability analysis

Unit: %; NT\$

Item			2022	2023
Financial structure	Ratio of liabilities to assets (%)		43.95	39.89
Solvency	Current ratio (%)		86.18	84.11
Profitability	As a percentage of paid-in capital (%)	Operating income (loss)	33.38	22.89
		Net income before tax	52.05	56.47
	Profit margin (%)		6.10	7.49
	EPS (NT\$)		4.25	4.94

The Company's financial structure in 2023 was better than that in 2022, 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. Due to the increasing demand and continuous improvement of gross profit in the post-pandemic era after 2023, the profitability indicator has been improved from 2022.

#### (IV) Status of Research and Development

The Company continues to deepen its investments in technology related to high-frequency and high-speed magnetic materials to improve the transmission speed of products to meet market demand, and gradually streamlines 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

Looking forward to 2023, the global economy recovered. 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 shortages 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 to continue to grow steadily and thrive.

### (II) Expected Sales Volume and its Basis

Based on our consideration of actual figures for 2023, the recent order intake and the overall economic factors, the Company estimates that the sales volume for 2024 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 costs and shortening delivery time.
- (2) Effective inventory reduction through product design adjustment and automated imports.

#### 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 future development needs, the Company will continue to deepen its efforts in the 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 shortages 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. The Company has established a subsidiary in Vietnam at the end of 2022, 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: Ming-Tzu 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 2023 (January 1, 2023 to December 31, 2023), and that the financial statements have been duly audited by CPA Robert Yu and Chiangshiun 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,

2024 Annual Shareholders' Meeting

U.D. ELECTRONIC CORP.

Audit Committee Convener

Independent Director: Hsueh-Yu Liu

March 13, 2024

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF  
AFFILIATES**

The entities that are required to be included in the consolidated financial statements of U.D. Electronic Corp. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Thus, U.D. Electronic Corp. and subsidiaries did not prepare a separate set of consolidated financial statements.

Very truly yours,

U.D. ELECTRONIC CORP.

By:

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GARY CHEN  
Chairman

March 13, 2024

## **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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is stated as follows:

The Group mainly engages in manufacturing for integrated signal connector and the major application include Information products, Internet communication products and Consumer electronics, etc. The revenue growth of internet communication products for this year shows the opposite trend with other categories of products, 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 policy of 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. Through understanding and testing the design and operation of the key control over revenue recognition in order to confirm and evaluate the effectiveness of the internal control while conducting a sale transaction.
2. We sampled internet communication products from the Group's sales details, reviewed invoice, custom declarations and other relevant proof of delivery with signature, and examined the senders of remittance and collection process or other alternative audit procedures, to verify the occurrence of sales transactions.
3. We evaluated the reasonableness of the changes in internet communication products in respect of sales revenue and gross profit margin.

#### **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, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 13, 2024

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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<b>2023</b>		<b>2022</b>	
<b>ASSETS</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,414,233	27	\$ 380,748	7
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 20)	338	-	2,321	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 34)	6,735	-	14,994	-
Notes receivable (Notes 4, 11 and 24)	13,060	-	24,972	1
Trade receivables (Notes 4, 11 and 24)	1,550,196	30	1,738,594	33
Other receivables (Notes 4 and 11)	33,113	1	33,629	1
Current tax assets (Notes 4 and 26)	265	-	-	-
Inventories (Notes 4 and 12)	659,437	13	1,306,652	25
Other current assets (Note 18)	<u>76,206</u>	<u>1</u>	<u>116,439</u>	<u>2</u>
Total current assets	<u>3,753,583</u>	<u>72</u>	<u>3,618,349</u>	<u>69</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	85,793	2	54,807	1
Property, plant and equipment (Notes 4, 14 and 34)	1,022,372	20	1,236,978	24
Right-of-use assets (Notes 4 and 15)	159,802	3	57,746	1
Other intangible assets (Notes 4 and 17)	27,123	1	34,142	1
Goodwill (Notes 4 and 16)	12,202	-	12,306	-
Deferred tax assets (Notes 4 and 26)	77,228	1	66,377	1
Other non-current assets (Note 18)	<u>40,122</u>	<u>1</u>	<u>139,595</u>	<u>3</u>
Total non-current assets	<u>1,424,642</u>	<u>28</u>	<u>1,601,951</u>	<u>31</u>
<b>TOTAL</b>	<u>\$ 5,178,225</u>	<u>100</u>	<u>\$ 5,220,300</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 609,000	12	\$ 617,485	12
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	810	-	1,361	-
Contract liabilities - current (Notes 4 and 24)	16,768	-	15,692	-
Trade payables	388,423	8	515,156	10
Lease liabilities - current (Notes 4 and 15)	3,356	-	4,755	-
Other payables (Notes 21 and 30)	486,050	9	499,071	10
Current tax liabilities (Notes 4 and 26)	40,507	1	62,900	1
Current portion of long-term borrowings and bonds payable (Notes 4, 19, 20 and 34)	67,600	1	108,272	2
Other current liabilities	<u>41,443</u>	<u>1</u>	<u>41,818</u>	<u>1</u>
Total current liabilities	<u>1,653,957</u>	<u>32</u>	<u>1,866,510</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19 and 34)	109,200	2	171,600	3
Lease liabilities - non-current (Notes 4 and 15)	2,626	-	911	-
Deferred tax liabilities (Notes 4 and 26)	6,292	-	10,160	-
Guarantee deposits received	<u>1,900</u>	<u>-</u>	<u>1,580</u>	<u>-</u>
Total non-current liabilities	<u>120,018</u>	<u>2</u>	<u>184,251</u>	<u>3</u>
Total liabilities	<u>1,773,975</u>	<u>34</u>	<u>2,050,761</u>	<u>39</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)</b>				
Share capital				
Ordinary shares	784,837	15	772,301	15
Capital collected in advance	<u>2,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>787,250</u>	<u>15</u>	<u>772,301</u>	<u>15</u>
Capital surplus	<u>974,399</u>	<u>19</u>	<u>927,689</u>	<u>18</u>
Retained earnings				
Legal reserve	383,833	7	352,965	7
Special reserve	169,656	3	235,642	4
Unappropriated earnings	<u>1,267,651</u>	<u>25</u>	<u>1,025,447</u>	<u>20</u>
Total retained earnings	<u>1,821,140</u>	<u>35</u>	<u>1,614,054</u>	<u>31</u>
Other equity	<u>(203,915)</u>	<u>(4)</u>	<u>(169,656)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	3,378,874	65	3,144,388	60
<b>NON-CONTROLLING INTERESTS (Notes 4, 23 and 29)</b>	<u>25,376</u>	<u>1</u>	<u>25,151</u>	<u>1</u>
Total equity	<u>3,404,250</u>	<u>66</u>	<u>3,169,539</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 5,178,225</u>	<u>100</u>	<u>\$ 5,220,300</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, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE				
Sales (Notes 4, 24 and 38)	\$ 6,123,831	100	\$ 6,321,780	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 25)	<u>(4,807,980)</u>	<u>(79)</u>	<u>(5,109,743)</u>	<u>(81)</u>
GROSS PROFIT	<u>1,315,851</u>	<u>21</u>	<u>1,212,037</u>	<u>19</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(285,342)	(5)	(258,430)	(4)
General and administrative expenses	(401,784)	(6)	(389,773)	(6)
Research and development expenses	(247,268)	(4)	(252,592)	(4)
Expected credit loss (Notes 4 and 11)	<u>(4,145)</u>	<u>-</u>	<u>(1,567)</u>	<u>-</u>
Total operating expenses	<u>(938,539)</u>	<u>(15)</u>	<u>(902,362)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>377,312</u>	<u>6</u>	<u>309,675</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	27,605	1	5,267	-
Other income	77,666	1	55,271	1
Other gains and losses	23,846	-	43,016	-
Finance costs (Note 20)	<u>(24,312)</u>	<u>-</u>	<u>(17,339)</u>	<u>-</u>
Total non-operating income and expenses	<u>104,805</u>	<u>2</u>	<u>86,215</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	482,117	8	395,890	6
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(97,663)</u>	<u>(2)</u>	<u>(84,752)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>384,454</u>	<u>6</u>	<u>311,138</u>	<u>5</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 FVOCI	(214)	-	(19,729)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>43</u>	<u>-</u>	<u>3,093</u>	<u>-</u>

(Continued)

**U.D. ELECTRONIC CORP. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss:	<u>(171)</u>	<u>-</u>	<u>(16,636)</u>	<u>-</u>
Exchange differences on translation of the financial statements of foreign operations	(41,987)	-	97,369	1
Income tax related to items that may be reclassified subsequently to profit or loss	<u>8,385</u>	<u>-</u>	<u>(19,479)</u>	<u>-</u>
	<u>(33,602)</u>	<u>-</u>	<u>77,890</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(33,773)</u>	<u>-</u>	<u>61,254</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 350,681</u>	<u>6</u>	<u>\$ 372,392</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 384,715	6	\$ 327,372	5
Non-controlling interests	<u>(261)</u>	<u>-</u>	<u>(16,234)</u>	<u>-</u>
	<u>\$ 384,454</u>	<u>6</u>	<u>\$ 311,138</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 350,456	6	\$ 386,638	6
Non-controlling interests	<u>225</u>	<u>-</u>	<u>(14,246)</u>	<u>-</u>
	<u>\$ 350,681</u>	<u>6</u>	<u>\$ 372,392</u>	<u>6</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 4.94</u>		<u>\$ 4.25</u>	
Diluted	<u>\$ 4.83</u>		<u>\$ 4.12</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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owner of the Company							Other Equity		Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
	Commercial Stock	Capital Received in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 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)
Changes ownership interests in subsidiaries (Notes 13, 23 and 29)	-	-	-	-	-	(12,000)	-	-	(12,000)	(3,960)	(15,960)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	29,883	(24,247)	12,589	-	-	-	-	-	18,225	-	18,225
Compensation cost of employee share options (Notes 4 and 28)	-	-	10,060	-	-	-	-	-	10,060	-	10,060
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)	-	-	-	-	-	-	75,902	(16,636)	59,266	1,988	61,254
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	327,372	75,902	(16,636)	386,638	(14,246)	372,392
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	-	-	-	-	-	(6,718)	-	6,718	-	-	-
BALANCE AT DECEMBER 31, 2022	772,301	-	927,689	352,965	235,642	1,025,447	(178,952)	9,296	3,144,388	25,151	3,169,539
Appropriation of 2022 earnings (Note 23)											
Legal reserve	-	-	-	30,868	-	(30,868)	-	-	-	-	-
Special reserve	-	-	-	-	(65,986)	65,986	-	-	-	-	-
Cash dividends	-	-	-	-	-	(177,629)	-	-	(177,629)	-	(177,629)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	12,536	2,413	31,474	-	-	-	-	-	46,423	-	46,423
Compensation cost of employee share options (Notes 4 and 28)	-	-	15,236	-	-	-	-	-	15,236	-	15,236
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	384,715	-	-	384,715	(261)	384,454
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax (Note 23)	-	-	-	-	-	-	(34,088)	(171)	(34,259)	486	(33,773)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	384,715	(34,088)	(171)	350,456	225	350,681
BALANCE AT DECEMBER 31, 2023	\$ 784,837	\$ 2,413	\$ 974,399	\$ 383,833	\$ 169,656	\$ 1,267,651	\$ (213,040)	\$ 9,125	\$ 3,378,874	\$ 25,376	\$ 3,404,250

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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 482,117	\$ 395,890
Adjustments for:		
Expected credit loss recognized on trade receivables	4,145	1,567
Depreciation expenses	381,564	415,330
Amortization expenses	9,996	9,810
Net loss on fair value changes of financial assets and liabilities at FVTPL	13,565	22,097
Finance costs	24,312	17,339
Interest income	(27,605)	(5,267)
Dividend income	-	(12,140)
Compensation cost of employee share options	15,236	10,060
(Gain) loss on disposal of property, plant and equipment	(1,679)	928
Write-down of inventories	24,397	17,723
Net loss on foreign currency exchange	47,377	8,845
Lease modification benefit	-	(3,771)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	21,011	17,798
Notes receivable	11,740	28,258
Trade receivables	138,556	(35,341)
Other receivables	1,366	52,004
Inventories	616,549	176,565
Other current assets	44,027	10,251
Financial liabilities held for trade	(33,154)	(36,742)
Contract liabilities	1,076	(11,712)
Trade payables	(120,950)	(131,542)
Other payables	31	(111,893)
Other current liabilities	(52)	21,645
Cash generated from operations	1,653,625	857,702
Interest received	25,560	5,204
Interest paid	(25,300)	(16,203)
Income tax paid	(126,424)	(29,402)
Net cash generated from operating activities	<u>1,527,461</u>	<u>817,301</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(50,000)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	-	22
Return of funds from financial assets at fair value through other comprehensive income	18,800	-
Proceeds from sale of financial assets at amortized cost	8,258	6,332
Payments for property, plant and equipment	(148,553)	(146,352)
	(Continued)	

**U.D. ELECTRONIC CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
Proceeds from disposal of property, plant and equipment	6,283	4,186
Increase in refundable deposits	(752)	-
Decrease in refundable deposits	-	1,486
Payments for intangible assets	(3,033)	(6,285)
Acquisition of right-of-use assets	(35,884)	-
Decrease in other non-current assets	4,266	4,415
Increase in prepayments for equipment and land use rights	(16,507)	(120,873)
Other dividends received	<u>-</u>	<u>12,140</u>
Net cash used in investing activities	<u>(217,122)</u>	<u>(244,929)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	529,000	200,000
Repayments of short-term borrowings	(537,831)	(552,355)
Repayments of long-term borrowings	(57,200)	(62,400)
Proceeds from guarantee deposits received	355	-
Repayment of the principal portion of lease liabilities	(6,771)	(16,494)
Dividends paid to owners of the Company	(177,629)	(176,985)
Acquisition of additional interests in subsidiary	-	(15,960)
Repayment for the issuance of convertible bonds	<u>(179)</u>	<u>(352)</u>
Net cash used in financing activities	<u>(250,255)</u>	<u>(624,546)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(26,599)</u>	<u>76,638</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,033,485	24,464
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>380,748</u>	<u>356,284</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>\$ 1,414,233</u></u>	<u><u>\$ 380,748</u></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, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is stated as follows:

The Company mainly engages in manufacturing for integrated signal connector and the major application include Information products, Internet communication products and Consumer electronics, etc. The revenue growth of internet communication products for this year shows the opposite trend with other categories of products, 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 policy of 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 operation of the key control over revenue recognition to confirm and evaluate the effectiveness of the internal control while conducting a sale transaction.
2. We sampled internet communication products from the Company's sales details, reviewed invoice, custom declarations and other relevant proof of delivery with signature, and examined the senders of remittance and collection process or other alternative audit procedures, to verify the occurrence of sales transactions.
3. We evaluated the reasonableness of the changes in internet communication products in respect of sales revenue and gross profit margin.

### **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, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 13, 2024



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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 245,637	4	\$ 87,462	2
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 20)	338	-	780	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	3,235	-	10,933	-
Notes receivable (Notes 4, 11 and 24)	1,192	-	3,398	-
Trade receivables (Notes 4, 11 and 24)	1,328,915	24	1,559,631	28
Other receivables (Notes 4 and 11)	13,710	-	10,734	-
Other receivables from related parties (Notes 4 and 32)	41,852	1	94,306	2
Inventories (Notes 4 and 12)	152,812	3	193,718	3
Other current assets (Note 18)	1,711	-	7,354	-
Total current assets	1,789,402	32	1,968,316	35
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	85,793	2	54,807	1
Investments accounted for using the equity method (Notes 4, 13 and 32)	3,247,668	58	3,027,740	54
Property, plant and equipment (Notes 4, 14 and 33)	244,574	4	307,732	6
Investment properties (Notes 4, 16 and 33)	158,348	3	163,293	3
Other intangible assets (Notes 4 and 17)	18,979	-	22,742	-
Deferred tax assets (Notes 4 and 26)	76,281	1	65,152	1
Other non-current assets (Note 18)	293	-	293	-
Total non-current assets	3,831,936	68	3,641,759	65
<b>TOTAL</b>	<b>\$ 5,621,338</b>	<b>100</b>	<b>\$ 5,610,075</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 570,000	10	\$ 617,485	11
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	187	-	685	-
Contract liabilities - current (Notes 4 and 24)	14,667	-	8,223	-
Trade payables	-	-	10	-
Trade payables to related parties (Note 32)	1,258,177	22	1,233,523	22
Other payables (Notes 21 and 29)	121,934	2	136,900	2
Other payables to related parties (Note 32)	41,832	1	95,502	2
Current tax liabilities (Notes 4 and 26)	30,355	1	56,546	1
Current portion of long-term borrowings and bonds payable (Notes 4, 19, 20 and 33)	67,600	1	108,272	2
Other current liabilities	22,599	1	26,919	1
Total current liabilities	2,127,351	38	2,284,065	41
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19 and 33)	109,200	2	171,600	3
Deferred tax liabilities (Notes 4 and 26)	5,659	-	9,769	-
Guarantee deposits received	254	-	253	-
Total non-current liabilities	115,113	2	181,622	3
Total liabilities	2,242,464	40	2,465,687	44
<b>EQUITY (Notes 4 and 23)</b>				
Share capital				
Ordinary shares	784,837	14	772,301	14
Capital collected in advance	2,413	-	-	-
Total share capital	787,250	14	772,301	14
Capital surplus	974,399	17	927,689	16
Retained earnings				
Legal reserve	383,833	7	352,965	7
Special reserve	169,656	3	235,642	4
Unappropriated earnings	1,267,651	23	1,025,447	18
Total retained earnings	1,821,140	33	1,614,054	29
Other equity	(203,915)	(4)	(169,656)	(3)
Total equity	3,378,874	60	3,144,388	56
<b>TOTAL</b>	<b>\$ 5,621,338</b>	<b>100</b>	<b>\$ 5,610,075</b>	<b>100</b>

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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE				
Sales (Notes 4 and 24)	\$ 5,134,730	100	\$ 5,364,053	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 25 and 32)	<u>(4,565,275)</u>	(89)	<u>(4,747,115)</u>	(88)
GROSS PROFIT	<u>569,455</u>	<u>11</u>	<u>616,938</u>	<u>12</u>
OPERATING EXPENSES (Notes 11 and 25)				
Selling and marketing expenses	(206,763)	(4)	(180,485)	(3)
General and administrative expenses	(123,287)	(2)	(131,268)	(3)
Research and development expenses	(52,999)	(1)	(47,419)	(1)
Expected credit loss	<u>(6,211)</u>	<u>-</u>	<u>(9)</u>	<u>-</u>
Total operating expenses	<u>(389,260)</u>	<u>(7)</u>	<u>(359,181)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>180,195</u>	<u>4</u>	<u>257,757</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	17,484	-	486	-
Other income (Note 32)	67,391	1	47,219	1
Other gains and losses	8,523	-	58,286	1
Finance costs (Notes 20 and 32)	(19,481)	-	(13,135)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	<u>190,462</u>	<u>4</u>	<u>51,344</u>	<u>1</u>
Total non-operating income and expenses	<u>264,379</u>	<u>5</u>	<u>144,200</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	444,574	9	401,957	7
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(59,859)</u>	<u>(1)</u>	<u>(74,585)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>384,715</u>	<u>8</u>	<u>327,372</u>	<u>6</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

# U.D. ELECTRONIC CORP.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(214)	-	(19,729)	-
Income tax related to items that would not be reclassified subsequently to profit or loss	<u>43</u>	<u>-</u>	<u>3,093</u>	<u>-</u>
	<u>(171)</u>	<u>-</u>	<u>(16,636)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(42,751)	(1)	94,353	2
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>8,663</u>	<u>-</u>	<u>(18,451)</u>	<u>(1)</u>
	<u>(34,088)</u>	<u>(1)</u>	<u>75,902</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(34,259)</u>	<u>(1)</u>	<u>59,266</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 350,456</u>	<u>7</u>	<u>\$ 386,638</u>	<u>7</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 4.94</u>		<u>\$ 4.25</u>	<u>\$</u>
Diluted	<u>\$ 4.83</u>		<u>\$ 4.12</u>	<u>\$</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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Share Capital			Retained Earnings			Other Equity		Total Equity
	Commercial on Stock	Capital Received in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating of the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 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 distributed by the Company	-	-	-	-	-	(176,985)	-	-	(176,985)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	29,883	(24,247)	12,589	-	-	-	-	-	18,225
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(12,000)	-	-	(12,000)
Compensation cost of employee share options (Note 28)	-	-	10,060	-	-	-	-	-	10,060
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>
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	772,301	-	927,689	352,965	235,642	1,025,447	(178,952)	9,296	3,144,388
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	-	30,868	-	(30,868)	-	-	-
Special reserve	-	-	-	-	(65,986)	65,986	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(177,629)	-	-	(177,629)
Convertible bonds converted to ordinary shares (Notes 20 and 23)	12,536	2,413	31,474	-	-	-	-	-	46,423
Compensation cost of employee share options (Note 28)	-	-	15,236	-	-	-	-	-	15,236
Net profit for the year ended December 31, 2023	-	-	-	-	-	384,715	-	-	384,715
Other comprehensive loss for the year ended December 31, 2023, net of income tax (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,088)</u>	<u>(171)</u>	<u>(34,259)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,715</u>	<u>(34,088)</u>	<u>(171)</u>	<u>350,456</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 784,837</u>	<u>\$ 2,413</u>	<u>\$ 974,399</u>	<u>\$ 383,833</u>	<u>\$ 169,656</u>	<u>\$ 1,267,651</u>	<u>\$ (213,040)</u>	<u>\$ 9,125</u>	<u>\$ 3,378,874</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, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 444,574	\$ 401,957
Adjustments for:		
Depreciation expenses	65,661	72,051
Amortization expenses	4,595	5,179
Expected credit loss recognized on trade receivables	6,211	9
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(800)	998
Finance costs	19,481	13,135
Interest income	(17,484)	(486)
Dividend income	-	(12,140)
Compensation cost of employee share options	15,236	10,060
Share of profit of subsidiaries, associates and joint ventures	(190,462)	(51,344)
Gain on disposal of property, plant, and equipment	(463)	-
Write-downs of inventories	4,056	1,367
Net gain on foreign currency exchange	(6,186)	(19,188)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,005	2,210
Notes receivable	2,206	(1,743)
Trade receivables	180,444	(83,930)
Other receivables	(2,696)	5,152
Other receivables from related parties	324	(181)
Inventories	36,851	(32,141)
Other current assets	5,642	1,712
Financial liabilities held for trade	(1,270)	(2,879)
Contract liabilities	6,444	(6,724)
Trade payables	(11)	(171)
Trade payables to related parties	77,151	292,206
Other payables	(9,789)	19,861
Other current liabilities	(4,320)	12,622
Cash generated used in from operations	637,400	627,592
Interest received	16,983	473
Interest paid	(19,214)	(12,007)
Income tax paid	(92,582)	(33,045)
Net cash generated from operating activities	542,587	583,013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(50,000)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	-	22
Return of funds from financial assets at fair value through other comprehensive income	18,800	-

(Continued)

**U.D. ELECTRONIC CORP.****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
Proceeds from sale of financial assets at amortized cost	7,698	8,592
Payments for property, plant and equipment	(4,190)	(3,658)
Proceeds from disposal of property, plant and equipment	2,905	2,254
Decrease (increase) in other receivables from related parties	52,130	(28,270)
Other dividends received	-	12,140
Payments for intangible assets	<u>(832)</u>	<u>(1,187)</u>
Net cash generated from (used in) investing activities	<u>26,511</u>	<u>(10,107)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	490,000	200,000
Repayments of short-term borrowings	(537,831)	(492,745)
Repayments of long-term borrowings	(57,200)	(62,400)
(Decrease) Increase in other payables to related parties	(53,670)	33,494
Dividends paid	(177,629)	(176,985)
Repayment for the issuance of convertible bonds	(179)	(352)
Acquisition of additional interests in subsidiary	<u>(72,217)</u>	<u>(98,365)</u>
Net cash used in financing activities	<u>(408,726)</u>	<u>(597,353)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,197)</u>	<u>8,505</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	158,175	(15,942)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>87,462</u>	<u>103,404</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 245,637</u>	<u>\$ 87,462</u>

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

(Concluded)

**U.D. ELECTRONIC CORP.**  
**2023 Earnings Distribution Table**

Items	Unit: NT\$ Amount
Undistributed earnings in the previous period	882,936,374
Less: Amount included in opening undistributed earnings for items other than prior period's net income after tax	0
Unappropriated earnings in the beginning of the period after readjustment	882,936,374
Add: Net profit after tax in 2023	384,715,394
Less: Adjustment to retained earnings from investments accounted for using the equity method	0
Less: Disposal of equity instruments measured at fair value through other comprehensive income, with accumulated gains and losses transferred directly to retained earnings	0
Net income after tax plus the amount of items other than net income for the period included in unappropriated earnings for the year	384,715,394
Less: Legal reserves appropriated	(38,471,539)
Less: Special reserves appropriated	(34,258,386)
Distributable net profit in current period	1,194,921,843
Shareholder bonus - cash dividend (NT\$2.47/share)	(194,450,859)
Undistributed earnings at the end of the period	1,000,470,984

(Note 1) 2023 earnings distribution table.

(Note 2) 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 shall be fully authorized to address the issues.

**Chairman:**Po-Jung Chen **General Manager:** Ming-Tzu Chen **Chief Accounting Officer:**Chang-Pu Wu



U.D. ELECTRONIC CORP.

Attachment 5

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

Article	Before amendment	After amendment	Description
Article 14	<p>The Company shall have five to nine directors with a term of office of three years, and directors are eligible for re-election.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The board of directors of the Company may establish remuneration committee or other functional committees depending upon the need of the business operation.</p>	<p>The Company shall have five to nine directors with a term of office of three years, and directors are eligible for re-election.</p> <p>In the roster of directors described above, the number of independent directors shall not be less than <b>three</b> and shall not be less than one-fifth of the total number of directors.</p> <p>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.</p> <p>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.</p> <p>The board of directors of the Company may establish remuneration committee or other functional committees depending upon the need of the business operation.</p>	<p>In response to the amendments made by the competent authority to the Directions for Compliance Requirements on the Establishment of Board of Directors of TPEx-Listed Companies and the Board's Exercise of Powers, there should be no less than 3 independent directors.</p>
Article 24	<p>These Articles of Incorporation were duly enacted on March 4, 2005.</p> <p>The 1st amendment was made on February 1, 2007.</p>	<p>These Articles of Incorporation were duly enacted on March 4, 2005.</p> <p>The 1st amendment was made on February 1, 2007.</p>	<p>Added amendment dates and number of</p>

Article	Before amendment	After amendment	Description
	<p>The 2nd amendment was made on August 7, 2007.</p> <p>The 3rd amendment was made on December 24, 2007.</p> <p>The 4th amendment was made on May 28, 2008.</p> <p>The 5th amendment was made on June 30, 2008.</p> <p>The 6th amendment was made on June 30, 2009.</p> <p>The 7th amendment was made on June 30, 2010.</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>The 17th amendment was made on June 26, 2023.</p>	<p>The 2nd amendment was made on August 7, 2007.</p> <p>The 3rd amendment was made on December 24, 2007.</p> <p>The 4th amendment was made on May 28, 2008.</p> <p>The 5th amendment was made on June 30, 2008.</p> <p>The 6th amendment was made on June 30, 2009.</p> <p>The 7th amendment was made on June 30, 2010.</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>The 17th amendment was made on June 26, 2023.</p> <p><u>The 18th amendment was made on June 18, 2024.</u></p>	amendments.

# 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.

During the convention of the shareholders' meeting, video conference or other methods announced by the central competent authority may be adopted.

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 June 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.  
The 17th amendment was made on June 26, 2023.

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.

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. 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 follow 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.

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.

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.

The 9th amendment was made on June 26, 2023

## 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 (2024.04.20) was NT\$787,250,440 and the number of issued shares was 78,725,044.
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 6,298,003 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	2.40%
Director	Ming-Tzu Chen	1,887,559	2.40%
Director	Chi-Ling Chen	1,147,489	1.46%
Director	Yu-Chan Shih	707,006	0.90%
Director	Chang-Chun Chien	1,116,394	1.42%
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		7,025,747	8.94%

Note: According to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” if more than two independent directors are elected, the shareholding ratio of all directors and supervisors that is calculated proportionally will be reduced to 80%.