

TSE: : 3652

# Unitech Electronics Co., Ltd.

## 2023 Annual Report



Annual Report URL :

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Corporate's Website: <http://www.ute.com>

Printed on May 17, 2024

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## **I. Letter to Shareholders**

**Dear Shareholders,**

Thank you for your long-term support and care for Unitech Electronics Co., Ltd. Based on the business philosophies of “integrity, excellence, collaboration and sharing” and the core value of pursuing innovation, the Company focuses on the R&D and manufacturing of “automatic identification data capture products” (AIDC products), and provides the management platform software needed by the Auto Data Capture Products (ADC products), develops related application software and integrated systems demanded by various industries in the ADC field, etc. By establishing domestic and overseas business locations in the name of our own brand “unitech,” and engaging in sales through subsidiaries, we provide customers with technical support and services related to application planning and software/hardware. With over 30 years of experience in global product marketing, we have won the trust and continuous support of our customers.

In 2023, weak global demand for end-use products due to factors such as high interest rates, high inflation, and China’s post-pandemic economic performance falling short of expectation, coupled with the expansion of the US-China chip ban as well as the ongoing Russo-Ukrainian war and Israel-Hamas conflicts, impacted global economic development. Therefore, the investment of enterprises was conservative, and economic growth slowed. In response to the changing environment and conditions, the Company has adjusted the business structure to be more resilient to changes and stay proactive. Based on the efforts of all employees, the Company has constantly utilized new platforms and technologies to develop new generation 5G high-end rugged smartphones, RFID readers, barcode scanners, 3D identification data capturers, and other related hardware products and software applications. In addition to developing products for Android system, the Company has also taken part in the development of MFi-certified readers. The Company has increased software development capacity, developed AI applications for data capture, IoT system modules, vertical solutions for industries, etc., integrated software and hardware applications, improved value to customers, and built far-reaching partnerships with customers, in order to promote unitech’s position and market share in the global market.

We present the operating results of the company's collective efforts in 2023, as well as the outlook for 2024

### **1. Operating Performance in 2023**

#### **1) 2023 business plan results**

The Company's global consolidated revenue and gross profit in 2023 were NTD 2.242 billion and NTD 727 million, showing a decrease of 4.59% and 4.64%, respectively, compared to the previous year. Under the impact of high inflation, the gross profit margin remained unchanged compared to that in the previous year. Owing to a sluggish overall economic recovery around the world, customers in the US and Europe adjusted their inventory and postponed orders, leading to a decrease in overall revenue. However, with a view to responding to market demands and enhancing market share, the Company continued to invest in the R&D of products applying 5G and WiFi 6E, and was devoted to the expansion of business scope and promotion via marketing exhibitions with an eye to deeper brand awareness. Ultimately, earnings per share generated were NTD 0.54; overall financial performance was lower than that in the previous year, but all financial indicators reflected that the Company was in a safe and stable condition.

## 2) Budget Execution

As the financial forecast in 2023 is not available to the public, there is no information about budget execution.

## 3) Analysis of Income and Expenditures and Profitability analysis in 2023

### A. Analysis of Income and Expenditures

Unit: NT\$ thousands

Item \ Year	2022		2023		Variable proportion
	Amount	%	Amount	%	
Operating revenue	2,350,259	100.00%	2,242,442	100.00%	(4.59%)
Gross profit	762,872	32.46%	727,454	32.44%	(4.64%)
Operating income	100,981	4.30%	28,787	1.28%	(71.49%)
Non-operating income and expenses	13,146	0.56%	20,868	0.93%	58.74%
Income before income tax	114,127	4.86%	49,655	2.21%	(56.49%)
Income tax expense	22,690	0.97%	8,788	0.39%	(61.27%)
Net income	91,437	3.89%	40,867	1.82%	(55.31%)
Other comprehensive income(loss),net of income tax	18,493	0.79%	(548)	(0.02%)	(102.96%)
Total comprehensive income	109,930	4.68%	40,319	1.80%	(63.32%)

## B. Analysis of Financial Structure and profitability

Item	Year	2022	2023
<b>Debt Ratio: (Total Liabilities/Total Assets)</b>		<b>27.15%</b>	<b>23.76%</b>
<b>Ratio of Long-Term Capital to Property, Plant and Equipment: (Total Equity+Non-Current Liabilities )/ Net Property, Plant and Equipment</b>		<b>540.00%</b>	<b>541.36%</b>
<b>Current Ratio: (Current Assets/Current Liabilities)</b>		<b>354.77%</b>	<b>391.05%</b>
<b>Quick Ratio: (Current Assets-Inventories-Prepaid Expenses)/ Current Liabilities</b>		<b>257.77%</b>	<b>286.52%</b>
<b>Return on Equity: (Net Income/Average Shareholders' Equity)</b>		<b>5.13%</b>	<b>2.25%</b>
<b>Net Profit Margin: (Net Income/Net Sales)</b>		<b>3.89%</b>	<b>1.82%</b>
<b>Earnings per Share: (Net Income Attributable to Owners of the Parent Company – Preferred Stock Dividend)/Weighted Average Number of Shares Outstanding</b>		<b>NT\$1.22</b>	<b>NT\$0.54</b>

### 4) 2023 Research and development status

In 2023, the Company's R&D expenditure was NTD 150 million, and the number of software and hardware R&D personnel was more than 70; both increased compared to the previous year. Activities were mainly the R&D of automatic identification data capture products, RFID-related products and application technologies, and software. Meanwhile, the Company worked with external strategic partners to acquire technologies faster and leverage R&D resources effectively and extensively through collaboration.

**RT112 : 5G rugged industrial tablet, Android 13**

**EA660 : 5G rugged smartphone, Android 13**

**SL220 : Sled barcode scanner with Apple MFi certification**

**EA630P A13 : 4G rugged smartphone with updated OS to Android 13**

**EA630P HDMI Cradle : workstation cradle for EA630P to support HDMI interface**

**ELauncher v2.0 : Enterprise Android launcher with brand new user interface and support lock screen, Android notification and shortcut**

**Enterprise Keyboard v1.1 : Keyboard wedge to support barcode scanning, RFID reading, text recognition and template design**



## **ScanBridge v1.0 : New scanner companion application on iOS and Windows platform**

### **2. Business Plan for 2024**

The Company continues to introduce new software and hardware products to expand the business scope. At the same time, we focus on selected industries, adequately understanding their application needs and developing the comprehensive software/hardware solutions they require. We thereby provide customers with better value, and expand the scope of successful cases to markets around the world, leveraging the synergistic advantages that we have gained thanks to our worldwide customer base and understanding of applications in different industries. The sales volume of the Company's main products is expected to reach 180,000 units in 2024. In terms of products, in addition to the existing well-established applications related to rugged smartphones and barcode scanners, we will also focus on increasing potential and high-growth products such as RFID products and iOS barcode scanners to expand our market application coverage. Regarding the regions where we develop our business, more labor power will be deployed to ASEAN countries (e.g., Vietnam and Thailand), India, Central and South America countries (e.g., Columbia and Panama), and Northern and Eastern Europe.

In addition, the Company actively invests resources to develop overseas ODM customers, designing and manufacturing industrial mobile devices for brand companies in related industries. With the primary focus on our own brand and the supplementary support of the ODM business, we have accelerated our growth.

### **3. Future Development Strategy**

The small industrial mobile devices of the Company's brand, unitech, have moved from 9th place to 8th place in global brand rankings. In addition to continuously enhancing the localization of the brand in various regions around the world, we pay attention to technological development trends, gain insights into application changes of global customers in different industries, and work more closely with upstream and downstream partners to ensure timely and flexible response. It is hoped that the Company can stay on top of changes, move to a higher level, and further boost the brand competitiveness of unitech despite the turmoil and rapidly changing factors and uncertainties in this era.

### **4. Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

**Economic uncertainties in the US regarding employment and consumption around the end of the interest rate rising cycle, incessant geopolitical confrontations and local wars/conflicts around the world, the global impact of China's economic sluggishness, and changes in international trade and increase in corporate costs due to environmental regulations and net zero emission requirements are somehow linked to one another, resulting in a great deal of uncertainty. A hopeful turning point seems to come soon, but serious preparation and response are required. Based on the advantage of decades of global deployment, the Company is able to grasp relevant changes immediately, respond in a timely manner, and move in a favorable direction while staying away from risks. With our excellent and experienced talent, we are confident that we, as a team, can identify opportunities, take on challenges and produce outstanding results in a turbulent environment.**

**The Company would like to thank all the shareholders for their long-term recognition and support. In the new year, we will make breakthroughs based on our solid foundation, going all out to improve, create huge profits for the shareholders, and fulfill our corporate social responsibility.**

**Sincerely yours,**

**President Yeh Chia Wen**

## **II. Company Profile**

### **2.1 Company Profile**

#### **2.1.1 Date of Incorporation:**

**Jan 1, 2008**

#### **2.1.2 Company History**

**Before spinoff from Unitech Computer Co., Ltd, the 「 Automatic Data Capture (ADC) Business 」 is one of Unitech Company' s business unit.**

- |                      |   |
|----------------------|---|
| <b>October 1985</b>  | <b>Design and developed barcode readers.</b>  |
| <b>October 1986</b>  | <b>Developed A750, a handheld data collector</b>  |
| <b>November 1991</b> | <b>Lunched the 2<sup>nd</sup> generation of the handheld data collector PW-815</b>  |
| <b>December 1992</b> | <b>Lunched bilingual language of English and Chinese of the handheld data collector PT- 860</b>   |
| <b>November 1994</b> | <b>Unitech America Inc.(UTA) was established in Los Angeles to provide product marketing, customers' service and built up a product development team.</b> |
| <b>November 1998</b> | <b>Xiamen Unitech Computer Co., Ltd.(UTC) was established in Xiamen to provide product marketing, customers' service.</b>                                 |
| <b>December 1998</b> | <b>Unitech's handheld data collector, Hornet/PT-600 was awarded the Taiwan Excellence Award.</b>  |
| <b>January 1999</b>  | <b>Unique Technology Europe B.V. (UTI) was established in Netherlands to provide product marketing, customers' service in Europe.</b>                     |
| <b>January 2000</b>  | <b>Unitech's on-line terminal, MR350MK II was awarded the Taiwan Excellence Award.</b>  |
| <b>December 2000</b> | <b>Unitech's rugged handheld computer, PT-900 was awarded both the Taiwan Excellence Award and the Good Design Product Mark.</b>                          |
| <b>August 2001</b>   | <b>Unitech Japan Co., Ltd (UTJ) was established in Tokyo, Japan to provide product marketing, customers' service.</b>                                     |
| <b>April 2002</b>    | <b>UTC Shanghai branch was established.</b>   |
| <b>May 2002</b>      | <b>Unitech handheld data collector, PT-930-1D was awarded the National Product Image Gold Award at the 10th National Product Image Awards.</b>            |

<b>July</b>	<b>2004</b>	<b>UTA established a branch in Mexico.</b>
<b>November</b>	<b>2004</b>	<b>Unitech industrial handheld computer, PA950 which adopts the MS Pocket PC operating system, was awarded the iF Design Award in Germany.</b>
<b>September</b>	<b>2006</b>	<b>Unitech PA600 industrial VoIP PDA was awarded the Taiwan Excellence Gold Award at the 14th National Product Image Awards.</b>
<b>December</b>	<b>2006</b>	<b>Unitech PA600 industrial VoIP PDA was awarded the iF Design Award in Germany.</b>
<b>May</b>	<b>2007</b>	<b>Unitech RFID handheld data collector, RH767 was awarded the Taiwan Excellence Award at the 15th National Product Image Awards.</b>
<b>June</b>	<b>2007</b>	<b>Unitech Computer Co., Ltd. decided to separate "Automatic Data Collection Product Business unit " as a new company at the shareholder meeting.</b>

#### **History of UNITECH ELECTRONICS CO., LTD**

<b>January</b>	<b>2008</b>	<b>Unitech Electronics Co., Ltd. was formally established by spin-off from its parent company, "Unitech Computers Co., Ltd."</b>
<b>June</b>	<b>2008</b>	<b>The company joined hands with affiliated enterprises to donate NTD 2.1 million to assist in the "Sichuan China earthquake relief".</b>
<b>August</b>	<b>2008</b>	<b>The Product Lifecycle Management System (PLM) was officially launched.</b>
<b>October</b>	<b>2008</b>	<b>Unitech was honored with the "Top 10 Brands in China's Automatic Identification Industry"</b>
<b>December</b>	<b>2008</b>	<b>Unitech PA600 wireless Radio Frequency Identification (RFID) medical dedicated PDA-style mobile computer won the 17th Taiwan Excellence Award.</b>
<b>December</b>	<b>2008</b>	<b>Unitech PA968 industrial-grade fingerprint recognition PDA-style mobile computer won the 17th Taiwan Excellence Award.</b>
<b>August</b>	<b>2009</b>	<b>The company's stock was officially listed on TPEx market(stock code:3652) with a paid-in capital of NTD 476,000 thousands.</b>
<b>November</b>	<b>2009</b>	<b>The PA550 enterprise-grade rugged mobile computer won the</b>

		<b>German iF Design Award.</b>
<b>December</b>	<b>2009</b>	<b>The PA550 enterprise-grade rugged mobile computer won the 18th Taiwan Excellence Award.</b>
<b>March</b>	<b>2010</b>	<b>Unitech's global multilingual website was launched.</b>
<b>January</b>	<b>2011</b>	<b>The unitech home security product, the intercom access control machine "MT200", won the 19th Taiwan Excellence Award.</b>
<b>April</b>	<b>2011</b>	<b>The company joined hands with affiliated enterprises to donate more than NTD 1.7 million to assist in the "2011 Japan earthquake relief".</b>
<b>June</b>	<b>2012</b>	<b>The company got the "CG6007 General Version Corporate Governance System Evaluation Certification" by the Taiwan Corporate Governance Association.</b>
<b>January</b>	<b>2013</b>	<b>The company's medical-grade industrial mobile computer PA690MCA won the 21st Taiwan Excellence Award.</b>
<b>January</b>	<b>2014</b>	<b>Unitech MT800, the smart control intercom host won the 22nd Taiwan Excellence Award.</b>
<b>June</b>	<b>2014</b>	<b>Unitech PA700, the industrial-grade mobile computer won the COMPUTEX d&amp;i Innovation Design Award.</b>
<b>June</b>	<b>2014</b>	<b>Unitech MT880, the smart home multifunction terminal won the COMPUTEX BC Award Best Recommendation Award.</b>
<b>December</b>	<b>2014</b>	<b>Unitech PA520MCA, the medical-grade industrial mobile computer and smart gateway MT90 won the 23rd Taiwan Excellence Award.</b>
<b>March</b>	<b>2015</b>	<b>Unitech PA700MCA, the medical-grade industrial mobile computer won the German iF Design Award.</b>
<b>June</b>	<b>2015</b>	<b>Unitech TB120, the industrial-grade mobile tablet computer won the COMPUTEX d&amp;i Innovation Design Award.</b>
<b>December</b>	<b>2017</b>	<b>Unitech TB128, the industrial-grade tablet computer won the German National Design Award (German Design Award).</b>
<b>March</b>	<b>2018</b>	<b>Unitech HT1, the handheld industrial mobile computer won the 26th Taiwan Excellence Award.</b>
<b>March</b>	<b>2019</b>	<b>Unitech PA726 , the industrial-grade mobile computer and wearable barcode scanner MS652 won the 27th Taiwan Excellence Award.</b>
<b>May</b>	<b>2019</b>	<b>The company was ranked 28th in the "Computer System Industry category" in the 2018 Taiwan Top 2,000 Survey by CommonWealth Magazine.</b>

- June 2019** Unitech flagship rugged mobile computer PA760 was awarded the Best Product Recommendation Award at the COMPUTEX BC Award.
- December 2019** Unitech PA760, the rugged mobile computer was awarded the 28th Taiwan Excellence Award.
- May 2020** The company ranked 28th in the "Computer Systems Industry category" in the 2019 Taiwan Top 2000 Survey by Commonwealth Magazine.
- May 2021** The company ranked 27th in the "Computer Systems Industry category" in the 2020 Taiwan Top 2000 Survey by Commonwealth Magazine.
- May 2022** The company ranked 28th in the "Computer Systems Industry category" in the 2021 Taiwan Top 2000 Survey by Commonwealth Magazine.
- September 2022** The company's stock was listed and traded on the Taiwan Stock Exchange(TWSE) with a paid-in capital of NTD 750,975 thousands. (stock code: 3652).
- May 2023** The Company ranked 29th in the "Computer System Industry" category of the Commonwealth's survey of the top 2000 manufacturing companies in Taiwan in 2022.
- August 2023** The Company obtained the Android Enterprise Silver Partner badge from Google.

### III. Corporate Governance Report

#### 3.1 Organizational System

##### 3.1.1 Organizational Chart



##### 3.1.2 Major Corporate Functions

Department	Functions
Product Marketing Division	Responsible for the management, marketing promotion, and technical services of the company's products
Taiwan Operation Center	Responsible for the sales and related technical support services of the company's products in the Domestic (Taiwan) market
APAC&ME Operation Center	Responsible for the sales and related technical support services of the company's products in the Asia-Pacific market
Market & Operation Center	Responsible for the company's product manufacturing, testing, engineering verification, and quality control

<b>Department</b>	<b>Functions</b>
<b>MIS Division</b>	<b>Responsible for the planning, design, operation, and maintenance management of the company's various information application software and hardware</b>
<b>General Administration Division</b>	<b>Responsible for the financial, accounting, human resources, general affairs, corporate governance, and logistical support management of the company</b>
<b>R&amp;D Center</b>	<b>Responsible for the research and development and design of various types of software and hardware products for the company</b>
<b>Audit Office</b>	<b>Responsible for the internal control operation audit and reporting of the company.</b>



### 3.2 Information on the Company's Directors, General Manager, Vice General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's Divisions and Branch units:

#### 3.2.1 Directors

#### Director's Information (1)

April 20, 2024 ; Unit : Shares

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD (Note 1)	-	2020.6.23	3 Years	2008.11.12	85,766	0.18%	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	HI-JET INCORPORATION	-	2023.6.16	3 Years	2023.6.16	3,657,726	4.87%	3,657,726	4.87%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks						
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation							
President	R.O.C.	Representative: YEH CHIA WEN (Note 2)	Male 61~70	2023.6.16	3 Years	2020.6.23	0	0	0	0	0	0	0	0	Tulane University MBA NCCU Department of Business Administration Department of Resource Engineering from National Cheng Kong University	Chairman of De Jie Investments Co., Ltd. Director of Biofity Pharmaceuticals Inc. Chairman of Shihteh Organic Pharmaceuticals Co., Ltd. Chairman of Hi-Jet Incorporation Chairman of Hengxuan Co., Ltd. Chairman of Global Mobile Internet Co., Ltd. Chairman of Cotek Pharmaceuticals Industry Co., Ltd. CSO of Unitech Electronics Co., Ltd. Chairman of G.M.I. Technology Inc. Chairman of Detao Venture Capital Co., Ltd. Director (Legal representative) of Zhu Yuen Industrial Co., Ltd. Director of SmartBee Intelligence Company Ltd. Chairman of Rehear Audiology Company Ltd. Director of GW Electronics Company Ltd. Director of UAV、UEV、UJH、UCV、UAH、UEH、UIH (Legal representative of the companies above) Director of UTA、UTI Chairman of UTC	Director	YEH MING HAN	Father-son							N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2023.6.16	3 Years	2008.10.8	30,039,000	40.00%	30,039,000	40.00%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: CHEN RONG HUEI	Male 71~80	2023.6.16	3 Years	2008.10.8	76,000	0.10%	76,000	0.10%	174,000	0.23%	0	0	Institute of Communication Engineering National Yang Ming Chiao Tung University Master Degree of Communication Engineering National Yang Ming Chiao Tung University Host of the Ministry of Communication Project in Telecommunications Research General Manager of business group Unitech Computer Co., Ltd.	Director of Unitech Computer Co., Ltd. Director (Legal representative) of UTA、UTI Vice Chairman of UTC Director of UTJ	N/A	N/A	N/A	N/A
Director	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2023.6.16	3 Years	2008.10.8	30,039,000	40.00%	30,039,000	40.00%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: YEH KUO CHUAN	Male 71~80	2023.6.16	3 Years	2008.10.8	1,097,126	1.46%	1,097,126	1.46%	126,709	0.17%	0	0	Department of Electrical Engineering from Da Tong University Master Degree of Business Administration from Da-Yeh University NCCU department of Business Administration Business Engineer of High Tien Co., Ltd.	Chairman and General Manager of Unitech Computer Co., Ltd. Chairman (Legal Representative) of Jingho Computer Co., Ltd and Jingyong Computer Co., Ltd. Chairman of Furong International Investment Co., Ltd. Director of Huajue Co., Ltd. Supervisor of Baisheg Mei Media Co., Ltd.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Director	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2023.6.16	3 Years	2008.10.8	30,039,000			40.00%	30,039,000	40.00%	
R.O.C.	Representative: LEE YING SIN	Male 71~80	2023.6.16	3 Years	2008.10.8	405,147		0.54%	405,147	0.54%	36,526	0.05%	0	0	Institute of Communication Engineering National Yang Ming Chiao Tung University Master Degree of Business Management from Oklahoma City University NCCU department of Business Administration Telecommunications bureau engineer	General Manager and Deputy Chairman Unitech Computer Co., Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD (Note 1)	-	2020.6.23	3 Years	2008.11.12	85,766	0.18%	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	HI-JET INCORPORATION	-	2023.6.16	3 Years	2023.6.16	3,657,726	4.87%	3,657,726	4.87%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: YEH MING HAN	Male 31~40	2023.6.16	3 Years	2016.6.20	234	0.00%	234	0.00%	0	0	0	0	Department of Industrial Design from Da Tong University Business Engineer of G.M.I. Technology Inc.	Special assistant to the general manager of Realtek Semiconductor Corp. Director (Legal Representative) of Unitech Computer Co., Ltd. Director (Legal Representative) of PIC/S GMP Chairman of De Jia Investment Co., Ltd. Director of Heng Xuan Co., Ltd.	Director Director Director	YEH CHIA WEN YEH BO CHUN	Father-son Siblings	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Director	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD (Note 1)	-	2020.6.23	3 Years	2008.11.12	85,766			0.18%	0	0	
R.O.C.	HI-JET INCORPORATION	-	2023.6.16	3 Years	2023.6.16	3,657,726		4.87%	3,657,726	4.87%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
R.O.C	Representative: YEH BO CHUN	Male 31~40	2020.6.23	3 Years	2020.6.23	0		0	0	0	0	0	0	0	Master degree of Science in Advanced Infrastructure Systems from Columbia University Department of Transportation and Communication of National Cheng Kung University Deputy Mngar of Research Department of KGI INC Chief of Staff , Compensation Manager, and Acting Spokesperson of G.M.I. Technology Inc.	Director (Legal Representative), Executive Assistant to CEO of G.M.I. Technology Inc. Director (Legal Representative) Unitech Computer Co., Ltd Supervisor of PIC/S GMP Supervisor of Biofity Pharmarceuticals Inc.	Director Director	YEH CHIA WEN YEH MING HAN	Father-daughter siblings	N/A
Director	R.O.C.	HI-JET INCORPORATION	-	2023.6.16	3 Years	2023.6.16	3,657,726	4.87%	3,657,726	4.87%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C	Representative: WANG KUO CHANG	Male 51~60	2023.6.16	3 Years	2023.6.16	0	0	0	0	0	0	0	0	Master of Management Sciences, Tamkang University President of De Hong Management Consulting Co., Ltd. Manager of Industrial Bank of Taiwan	President of De Chieh Investment Co., Ltd. Director (Corporate Representative) of GMI Technology Inc.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	SU LIANG	Male 71~80	2023.6.16	3 Years	2020.6.23	0	0	0	0	0	0	0	0	Master Degree of Information Management from TamKang University Bachelor of Electrical and Control Engineering of National Yang Ming Chiao Tung University NCCU department of Business Administration Vice President of Ritek Tech Chairman of Taiwan Smart City Solutions Convener of the Supervisory Board of Taipei Computer Association	Chairman and General Director of Mitac Information Technology Corp. Vice Chairman and General Manager of Mitac Incorporated Director of EasyCard Corp. Supervisor of EasyCard Inc. Director of Far Eastern Electronic Toll Collection Co., Ltd. Director of FETC International Co., Ltd. Director of CECI Engineering Consultants, Inc. Taiwan Independent Director of Mao Bao Inc. Executive Director of the Industry Information Association Director of Mitac Holdings Corp. Director of Mitac Hikari Corp. Director of Mitac(Shanghai) Enterprise Co., Ltd. Chairman of Ho Lee Investment Co.,Ltd. Director of Harbinger III Venture Capital Corp. Director of Harbinger VI Venture Capital Corp. Director of Harbinger VIII Venture Capital Corp. Director of Harbinger IX Venture Capital Corp. Supervisors of Lian Jie II Investment Corp. Chairman of General Resource Co. Chairman of Mitac Advance Technology Corp. Chairman of Mitac Investment China Co., Ltd. Chairman of Aidixun Investment Co., Ltd.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Chairman of Mitac Information Holdings Ltd. Chairman of Mitac Information Technology (Singapore) Pte. Ltd.					
Independent Director	R.O.C	CHING, HU-SHIH	Male 71~80	2023.6.16	3 Years	2021.8.26	3,779	0.01%	3,779	0.01%	0	0	0	0	Institute of Chemical Engineering from National Tsing Hua University Associates of UPC Technology Corporation General Manager of Lien Hwa Industrial Holdings Corp. Supervisors of Mitac Holdings Corp. Supervisor of Getac Technology Corp. Director of Synnex Technology International Corp. Director of Paolung International Director of Mitac Inc. Chairman of Youholder Co., Ltd.	Director of China Grain Products Research & Development Institute Independent Director of Tricorntech Corp.	N/A	N/A	N/A	N/A
Independent Director	R.O.C	LIU YOU KUO	Male 41~50	2023.6.16	3 Years	2022.6.8	0	0	0	0	0	0	0	0	Advanced Infrastructure Systems from National Yang Ming Chiao Tung University Lecturer of Digital Education Institute Vice Chairman of the Mobile Device Programmer Competency Appraisal Committee of the Ministry of Economic Affairs External Lecturer of Department of Electronic Engineering from MING CHI UNIVERSITY External Lecturer of department of Special Education from National Dong Hwa University Supervisors of G.M.I Tech Inc	Technical Director and Director of SoftArts INC	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	HO PO CHUNG	Male 61~70	2023.6.16	3 Years	2023.6.16	0	0	0	0	0	0	0	0	Doctor of Information Engineering, National Chiao Tung University Vice President of Institute for Information Industry Chairman of International Integrated Systems, Inc. Chairman of Trinity Investment Corporation Director of Computer Skills Foundation	Technical Manager and Consultant of Taipei Computer Association Independent Director of Terawins, Inc. Director of Knowledge Freeway Co. Ltd. Director of Zi Lian Co., Ltd.	N/A	N/A	N/A	N/A

Note 1 : Dismissal on June 16, 2023

Note 2 : Where the Chairman and President of the Company or any other equivalents (top management) are the same person or are spouses or relatives within the first degree of kinship, the reason, reasonableness, necessity, and response measures (e.g., increasing the number of independent directors with a majority of directors not serving as employees or managerial officers of the Company) shall be specified. The Chairman of the Company concurrently serves as the CSO for the purpose of promoting operating efficiency and decision implementation. The Chairman communicates with all directors closely and thoroughly on the Company's operating status, plans and guidelines to implement corporate governance. In addition, to enhance the functions of the Board of Directors and strengthen supervision, the Company has adopted the following measures:

- (1) More than half of the directors in the Board do not serve as the Company's employees or managers concurrently.
- (2) The four current independent directors have extensive work experience in the areas of finance and accounting, business management, and relevant industries. They are all eminently capable of serving in their supervisory roles.
- (3) The Company's Audit Committee and Remuneration Committee are both composed of independent directors. These committees offer recommendations upon full discussion for the Board of Directors to make decisions and further fulfill corporate governance.
- (4) Each year, in order to enhance the operation performance of the Board, directors are assigned to take professional director courses provided by external institutions.



**Chart 1 : Major shareholders of the institutional shareholders**

April 20, 2024

<b>Name of Institutional Shareholders</b>	<b>Major Shareholders</b>
UNITECH COMPUTER CO., LTD	HI-JET INCORPORATION(26.41%).SHIHTEH ORGANIC PHARMACEUTICAL CO., LTD(4.64%).FU RONG INVESTMENT CO., LTD(4.33%).YEH, KUO-CHUAN(3.42%).LEE, YING-SIN(2.69%).TAOTECH CO., LTD(1.61%).TAIWAN SHIN KONG INTERNATIONAL COMMERCIAL BANK HOLDS IN TRUST THE CUSTODY OF YISHENG CO., LTD (1.55%).CHUO MEE YU(1.33%).JIA YUN INVESTMENT CO., LTD(0.93%).CHEN, RONG-HUEI(0.78%)
COTEK PHARMACEUTICAL INDUSTRY CO., LTD	DE TAO INVESTMENT CO., LTD (20.00%) .HENG XUAN INVESTMENT CO., LTD (26.67%) .HENG HUEI GLOBAL INVESTMENT CO., LTD(26.67%).YI HONG INVESTMENT CO., LTD (26.67%)
HI-JET INCORPORATION	DE JIA INVESTMENT CO., LTD (73.09%). YEH, BO-CHUN(14.44%). YEH, MING-HAN(12.45%). YEH JIA WEN(0.02%)

**Chart 2 : Chart 1 of Major shareholders of the Company' s major institutional shareholders**

April 20, 2024

<b>Name of Institutional Shareholders</b>	<b>Major Shareholders</b>
SHIHTEH ORGANIC PHARMACEUTICAL CO., LTD	TAOTECH CO., LTD (9.95%) .HI-JET INCORPORATION (89.90%)
FU RONG INVESTMENT CO., LTD	YEH KUO-CHUAN(72.76%).ZHANG MEE YUN(27.24%)
TAOTECH CO., LTD	LE HUEI GLOBAL INVESTMENT CO., LTD (33.33%) . SHENG HUEI PROPERTY AGENCY LTD(33.33%). GENIUS WORLDWIDE CORP(33.33%)
JIA YUN INVESTMENT CO., LTD	YEH WEI TING (99.99%)
DE TAO INVESTMENT CO., LTD	HENG XUAN INVESTMENT CO., LTD (33.33%) . HENG HUEI GLOBAL INVESTMENT CO., LTD (33.33%). YI HONG INVESTMENT CO., LTD (33.33%)
HENG XUAN INVESTMENT CO., LTD	TOP BEST DEVEIOPMENT LIMITED (81.20%)
HENG HUEI GLOBAL INVESTMENT CO., LTD	APEX FORTUNE GLOBAL LIMITED, BRITISH VIRGIN ISLANDS (78.39%)
YI HONG INVESTMENT CO., LTD	YE NAN HONG (15.99%). LI CUEI LIAN (8.58%). PERFECTECH INT'L LTD., A BUSINESS BASED ON MAURITIUS. (75.43%)
DE JIA INVESTMENT CO., LTD	YEH, MING-HAN(33.34%). YEH, BO-CHUN(33.33%). YEH WEI TING (33.33%)

## Director's Information (2)

### 1. Professional qualifications and independence analysis of directors and supervisors:

Criteria  Name	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
President YEH CHIA WEN	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. The Chairman and Chief Strategy Officer of the Company, Chairman of De Jie Investments Co., Ltd., Chairman of Biofity Pharmarceuticals Inc, Chairman of Shihteh Organic Pharmaceuticals Co., Ltd., Chairman of Hi-Jet Incorporation, Chairman of Hengxuan Co., Ltd., Chairman of Global Mobile Internet Co., Ltd., Chairman of Cotek Pharmaceuticals Industry Co., Ltd., CSO of Unitech Electronics Co., Ltd, Chairman of Detao Venture Capital Co., Ltd., Director of Zhu Yuen Industrial Co., Ltd., Chairman of G.M.I. Technology Inc., Ltd., Director of GW Electronics Company Limited, Director of SmartBee Intelligence Company Ltd., and Chairman of Rehear Audiology Company Ltd.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	Not Applicable	0

<p><b>Vice Chairman CHEN RONG HUEI</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Currently serving as Vice Chairman of the Company and Director of Unitech Computer Co., Ltd.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>
<p><b>Director YE H KUO CHUAN</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Director and General Manager of Unitech Computer Co., Ltd, Director of Jingho Computer Co., Ltd, Chairman of Jingyong Computer Co., Ltd, Chairman of Furong International Investment Co., Ltd., Director of Huajue Co., Ltd., Supervisor of Baisheg Mei Media Co., Ltd.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>
<p><b>Director LEE YING SIN</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Deputy General Manager and Vice Chairman of Unitech Computer Co., Ltd.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>

<p><b>Director YEH MING HAN</b></p>	<p><b>1. Possess work experience in business and company operations that is required for the job.</b>  <b>2. Director of Unitech Computer Co., Ltd. Chairman De Jia Investment Co., Ltd, Director of Shihteh Organic Pharmaceuticals Co., Ltd., Director of Heng Xuan Co., Ltd.</b>  <b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>
<p><b>Director YEH BO CHUN</b></p>	<p><b>1. Possess work experience in business and company operations that is required for the job.</b>  <b>2. Director of G.M.I. Technology Inc., Director of Unitech Computer Co., Ltd, Supervisors of Shihteh Organic Pharmaceuticals Co., Ltd., Supervisor of Biofity Pharmarceuticals Inc.</b>  <b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>
<p><b>Director WANG KUO CHANG</b></p>	<p><b>1. Possess work experience in business and company operations that is required for the job.</b>  <b>2. Currently serving as the President of De Jie Investments Co., Ltd., Ltd. and Director of G.M.I. Technology Inc.</b>  <b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Not Applicable</b></p>	<p><b>0</b></p>

<p><b>Independent Director</b> <b>SU LIANG</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Chairman and General Director of Mitac Information Technology Corp., Vice Chairman and General Manager of Mitac Incorporated, Director of EasyCard Corp., Supervisors of EasyCard Inc., Director of MiTAC Investment Co., Ltd, Director of Far Eastern Electronic Toll Collection Co., Ltd., Director of FETC International Co., Ltd, Director of CECI Engineering Consultants, Inc. Taiwan., Independent Director of Mao Bao Inc., Managing Director Association for the Advancement of Information Industry, Director of Mitac Holdings Corp., Director of Mitac Hikari Corporation, Director of Mitac (Shanghai) Business Management Co., Ltd, Chairman of Ho Lee Investment Co.,Ltd, Director of Harbinger III Venture Capital Corp, Director of Harbinger VI Venture Capital Corp, Director of Harbinger VIII Venture Capital Corp, Director of Harbinger IX Venture Capital Corp, Superivosrs of Lian Jie II Investment Corp.. Chairman of General Resources Co., Chairman of Mitac Advance Technology Corp.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Independence Criteria as follows:</b></p> <p><b>1. Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise.</b></p> <p><b>2. The individual, spouse, or relatives within the second degree of kinship (or by another person's name) do not hold any shares in the Company.</b></p> <p><b>3. The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies).</b></p> <p><b>4. The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.</b></p>	<p><b>1</b></p>
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<p><b>Independent Director CHING, HU-SHIH</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Chairman of China Grain Product Research &amp; Development Institute, Independent Director of Tricorntech Corp., Associates of UPC Technology Corporation, General Manager of Lien Hwa Industrial Holdings Corp., Supervisors of MiTAC Holdings Corp, Supervisor of Getac Technology Corp., Director of Synnex Technology International Corp., Director of Paolung International, Director of Mitac Inc., Chairman of Youholder Co., Ltd.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Independence Criteria as follows:</b></p> <p><b>1. Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise</b></p> <p><b>2. The following are the shareholdings of the shareholders, spouse, and relatives within the second degree of kinship (or those who hold shares in their names) in the company:</b>  <b>Shareholder: 3,779 shares/0.01%</b>  <b>Spouse: No shares held</b>  <b>Relatives within the second degree of kinship: No Shares held</b></p> <p><b>3. The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies).</b></p> <p><b>4. The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.</b></p>	<p><b>0</b></p>
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<p><b>Independent Director Liu You-Kuo</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Technical Director of SoftArts Inc., Once served as the Supervisors of G.M.I. Technology Inc.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Independence Criteria as follows:</b></p> <p><b>1. Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise.</b></p> <p><b>2. The individual, spouse, or relatives within the second degree of kinship (or by another person's name) do not hold any shares in the Company.</b></p> <p><b>3. The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies).</b></p> <p><b>4. The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.</b></p>	<p><b>0</b></p>
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<p><b>Independent Director Ho, Pao-Chung</b></p>	<p><b>1. Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</b></p> <p><b>2. Currently serving as the Technical Manager and Consultant of Taipei Computer Association, Independent Director of Terawins, Inc., Director of Knowledge Freeway Co. Ltd., Director of Zi Lian Co., Ltd., and was the Vice President of Institute for Information Industry, Chairman of International Integrated Systems, Inc., Chairman of Trinity Investment Corporation, and Director of Computer Skills Foundation.</b></p> <p><b>3. Not been a person of any conditions defined in Article 30 of the Company Law.</b></p>	<p><b>Independence Criteria as follows:</b></p> <p><b>1. Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise.</b></p> <p><b>2. The individual, spouse, or relatives within the second degree of kinship (or by another person's name) do not hold any shares in the Company.</b></p> <p><b>3. The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies).</b></p> <p><b>4. The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.</b></p>	<p><b>1</b></p>
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## **2. Diversification and Independence of the Board of Directors:**

### **(1) Diversification of the Board of Directors**

**The company places great importance on the diversity of the composition of the board of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the "Corporate Governance Practices Guidelines" of the company stipulate that the overall abilities that directors should possess are as follows:**

- A. Able to make operational judgments professionally.**
- B. Ability in accounting and financial analysis.**
- C. The ability to operate the management.**
- D. Crisis management.**
- E. Industrial knowledge.**
- F. Global market outlook.**
- G. Leadership**
- H. Decision-making ability.**

**The directors have professional backgrounds covering industries, law, finance, management, and other areas of expertise to implement a diversified composition of the board. The members of our board of directors each possess industry expertise as well as professional skills in finance and accounting, marketing, research and development, technology, and business management. For their academic and professional backgrounds, please refer to pages 8-11 of our annual report under the section for board member information.**

**Our company places great emphasis on the diversity of our board of directors, which is essential for strengthening corporate governance and promoting sound development in the composition and structure of the board. Our "Corporate Governance Best Practice Guidelines" clearly outline the capabilities that our directors should possess.**

**The company values the composition of the board of directors, with the target of having 4 independent directors accounts to 36%, 1 female director accounts to 9%, and 4 directors with accounting or financial expertise sums to 36%. Currently, the composition of the board of directors consists of 1 female director (9%), 4 independent directors (36%), 11 directors with accounting or financial expertise (100%), and 2 directors who are also employees of the parent company (18%).**

**Age Distribution of the Board of directors:**

**31-40 years old : 2 directors**  
**41~50 years old : 1 directors**  
**51~60 years old : 1 directors**  
**61~70 years old : 2 directors**  
**71~80 years old : 5 directors**

**(2) Independence of the Directors:**

- A. The current Board of Directors of the Company has a total of 11 members, including 4 independent directors, with an independence ratio of 36%.**
- B. The independent directors all comply with the regulations for independent directors of the Securities and Futures Bureau of the Financial Supervisory Commission, and there are no circumstances specified in Subparagraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.**

### 3.2.2 Information of General Manager, Vice General Manager, Deputy Assistant General Managers, and the Chiefs of all the Company's Divisions and Branch units

April 20, 2024 Unit : shares ; %

Position	Nationality	Name	Gender	Date first elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
General Manager / Company's General Manager	R.O.C	HSU CHIH TA	Male	2008.10.8	0	0	9,114	0.01%	0	0	Department of Electrical Engineering of FuJen University NCCU Department of Business Administration Deputy General Manager of Unitech Computer Co., Ltd	General Manager (Legal Representative) Jing Rui Computer (Xiamen) Co., Ltd	None	None	None	None
Senior Vice General Manager	R.O.C	CHEN MENG YU	Female	2016.1.1	0	0	0	0	0	0	Sociology of NTU EMBA of NTU Deputy General Manager of HannStar Market Development Manager of HP Taiwan	None	None	None	None	None
Vice General Manager	R.O.C	LU KUANG HUNG	Male	2008.10.8	0	0	0	0	0	0	Master of Business Management in Tulane University Assistant Engineer of TECO Electric & Machinery Co., Ltd Associates of Unitech Computer Co., Ltd	None	None	None	None	None
Associates (Note 1)	R.O.C	LIN YU YANG	Male	2013.1.21	21,998	0.03%	0	0	0	0	Senior Consultant of ABeam Consulting Senior Consultant of Deloitte Taiwan Master of the Management of Managers in NCCU	Associates of Unitech Computer Co., Ltd	None	None	None	None
Associates	R.O.C	TSAO KUO CHENG	Male	2013.3.20	3,305	0.00%	0	0	0	0	Institute of Management in FuJen University Manager of Unitech Computer Co., Ltd	None	None	None	None	None

Associates	R.O.C	CHOU SHENG YANG	Male	2017.3.1	36,397	0.05%	0	0	0	0	EMBA of NTU of Technology Department of Electronic Engineering of Chung Yuan Christian University Manager of Unitech Computer Co., Ltd	None	None	None	None	None
Associates	R.O.C	LI MING HSUEH	Male	2018.3.9	135	0.00%	0	0	0	0	Institute of Information Management of DaTong University Department of Business Management of NTU of Technology Manager of Unitech Computer Co., Ltd	None	None	None	None	None
Associates	R.O.C	YEH CHIH HAO	Male	2020.2.5	1,000,000	1.33%	0	0	0	0	NCCU Master of Department of Business Administration Department of electrical engineering of National Taiwan Ocean University	None	None	None	None	None
Associates	R.O.C	LIU CHIA YI	Male	2020.3.5	10,000	0.01%	0	0	0	0	College of Manager of National Chung-Hsing University Senior Manager Level of Financial Finance Department of Electrical Engineering of Southern Taiwan University	None	None	None	None	None
R&D Division Director	R.O.C	HSU YUAN YING	Female	2021.5.6	0	0	0	0	0	0	PhD of Computer Science and Engineering Telcordia Technologies of National Yang Ming Chiao Tung University Senior Scientist	None	None	None	None	None
Finance and Accounts Supervisor	R.O.C	CHANG CHIA LIN	Female	2017.5.12	0	0	0	0	0	0	Department of Accounting of Feng Chia University Assistant Manager of Ernst & Young of Auditing Service	None	None	None	None	None

Note 1 : Resigned on Dec 31, 2023

### 3.3 Remuneration paid during the most recent fiscal year to Directors , General Manager, and Vice General Managers

#### 3.3.1 Remuneration to Ordinary Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: NT\$ thousands

Job Title	Name	Remuneration to directors						Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee						Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company								
		Base Compensation (A)	Retirement pays and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)			Salary, rewards, and special disbursements (E)	Retirement pays and pension (F)		Employee profit-sharing compensation (G)													
									The Company						All consolidated entities	The Company	All consolidated entities		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities		
Director	COTEK PHARMACEUTICAL INDUSTRY CO., LTD (Note 1) Representative: YEH CHIA WEN Representative: YEH MING HAN Representative: YEH BO CHUN	5,481	5,481	0	0	653	653	230	230	6,364	6,364	15.67%	15.67%	939	939	108	108	117	0	117	0	7,528	7,528	18.54%	18.54%	18,897



### Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of (A+B+C+D)		Sum of (A+B+C+D+E+F+G)	
	The Company	All consolidated entities H	The Company	All consolidated entities I
Less than NT\$1,000,000	UNITECH COMPUTER CO., LTD. Representative: YEH KUO CHUAN, UNITECH COMPUTER CO., LTD. Representative: LEE YING SIN, UNITECH COMPUTER CO., LTD. Representative: CHEN RONG HUEI, COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH MING HAN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD. Representative: YEH BO CHUN, HI-JET INCORPORATION Representative: YEH MING HAN, HI-JET INCORPORATION Representative: YEH BO CHUN, HI-JET INCORPORATION Representative: WANG KUO CHANG, SU LIANG, CHING, HU-SHIH, LIU YOU-KUO, HO PO CHUNG		UNITECH COMPUTER CO., LTD. Representative: YEH KUO CHUAN, UNITECH COMPUTER CO., LTD. Representative: LEE YING SIN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH MING HAN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD . Representative: YEH BO CHUN, HI-JET INCORPORATION Representative: YEH MING HAN, HI-JET INCORPORATION Representative: YEH BO CHUN, HI-JET INCORPORATION Representative: WANG KUO CHANG, SU LIANG, CHING, HU-SHIH, LIU YOU-KUO, HO PO CHUNG	
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	0	0	UNITECH COMPUTER CO., LTD. Representative: CHEN RONG HUEI	
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	0	0	0	0
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	COTEK PHARMACEUTICAL INDUSTRY CO., LTD HI-JET INCORPORATION Representative: YEH CHIA WEN		COTEK PHARMACEUTICAL INDUSTRY CO., LTD HI-JET INCORPORATION Representative: YEH CHIA WEN	
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)	0	0	0	0
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)	0	0	0	0
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)	0	0	0	0
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)	0	0	0	0
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)	0	0	0	0
NT\$100,000,000 or above	0	0	0	0
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

Note 1 : Re-election of directors on June 16, 2023

### 3.3.2 Remuneration to General Manager and Vice General Managers (Individual Disclosure of Names and Remuneration Items)

Unit: NT\$ thousands

Job title	Name	Base compensation(A)		Profit-sharing compensation (B)		Expenses and perquisites (C)		Remuneration Amount for employee (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
								Cash Bonus	Share bonue	Cash Bonus	Share bonue			
General Manager	HSU CHIH TA	10,056	10,056	540	540	3,127	3,127	380	0	380	0	14,103 34.73%	14,103 34.73%	None
Chief Strategy Officer	YEH CHIA WEN													
Senior vice General Manager	CHEN MENG YU													
Vice General Manager	LU KUANG HUNG													
Director of R&D Department	HSU YUAN YING													



### Remuneration Range Table

Ranges of remuneration paid to each of the Company's supervisors	Names of Supervisors	
	The Company	All consolidated entities E
Less than NT\$1,000,000	YEH CHIA WEN	YEH CHIA WEN
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	0	0
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	CHEN MENG YU LU KUANG HUNG HSU YUAN YING	CHEN MENG YU LU KUANG HUNG HSU YUAN YING
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	HSU CHIH TA	HSU CHIH TA
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)	0	0
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)	0	0
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)	0	0
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)	0	0
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)	0	0
NT\$100,000,000 or above	0	0
Total	5	5

### 3.3.3 Name of the General Manager that distributes the bonuses of the employees :

Dec 31, 2023 Unit: NT\$ thousands

Title	Job Title	Name	Amount of Stock	Amount of Cash	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	HSU CHIH TA	0 (Note 1)	1,587	1,587	3.91%
	Chief Strategy Officer	YEH CHIA WEN				
	Senior Vice General Manager	CHEN MENG YU				
	Vice General Manager	LU KUANG HUNG				
	Associates(Note 2)	LIN YU YANG				
	Associates	TSAO KUO CHENG				
	Associates	CHOU SHENG YANG				
	Associates	LI MING HSUEH				
	Associates	YEH CHIH HAO				
	Associates	LIU CHIA YI				
	Director of R&D Department	HSU YUAN YING				
	Director of Finance and Accounting Department	CHANG CHIA LIN				

Note 1 : The proposed distribution of earnings for the most recent year is to fully distribute cash bonuses to employees, and no stock dividends will be issued to employees.

Note 2 : Resigned on Dec 31, 2023

**3.3.4 Comparison and analysis should be provided to explain the total amount of remuneration paid to the directors, supervisors, general managers, and deputy general managers of the Company and its consolidated subsidiaries in the past two years as a percentage of the individual or separate financial reports' after-tax net income. The analysis should also include an explanation of the policies, standards, and composition of remuneration, the procedures for determining remuneration, and the relationship between remuneration and the Company's operating performance and future risks:**

- 1. Analysis of the total remuneration and net profit after tax ratio paid to the directors, supervisors, general manager and deputy general manager of the company and its consolidated subsidiaries in the past two fiscal years.**

Job Title	Total amount of remuneration for 2022 as a percentage of post-tax net income		Total amount of remuneration for 2023 as a percentage of post-tax net income	
	The Company	Consolidated Company	The Company	Consolidated Company
Director	11.55%	11.55%	22.11%	22.11%
General Manager and Vice General Manager	13.13%	13.13%	34.73%	34.73%

- 2. The policy, standards, and composition of remuneration, the procedure for setting remuneration, and the relationship between business performance and future risks with regard to remuneration paid by the Company are as follows: The remuneration paid to directors of the Company includes attendance transportation fees, which are given based on the actual transportation expenses incurred by the attending director. The remuneration for directors' compensation from profit distribution is determined according to the Company's articles of incorporation and is highly correlated with the Company's operating performance as approved by the shareholders' meeting. The Chairman and independent directors receive a reasonable fixed amount of compensation each month.**

**The remuneration paid to the general manager and deputy general managers of the Company includes three categories: fixed monthly salary, performance bonus, and employee compensation. Salaries are determined based on the human resources market salary survey report obtained by the Company, taking into account the salary level of the position in the peer market, and considering the scope of responsibilities within the Company for the position. The performance bonus and employee compensation are both related to the Company's operating performance and are paid at a fixed ratio of the Company's profits for that year.**

### 3.4 Implementation of Corporate Governance

#### 3.4.1 The State of Operations of the Board of Directors

In 2023, the board of directors held 7 meetings(A), the attendance is shown below:

Job Title	Name	Attendance in person [B]	By proxy	Actual Attendance (%) [B/A]	Remarks
President	HI-JET INCORPORATION YEH CHIA WEN	7	0	100%	Re-election of directors on June 16, 2023.
Director	UNITECH COMPUTER CO., LTD. CHEN RONG HUEI	7	0	100%	
Director	UNITECH COMPUTER CO., LTD. YEH KUO CHUAN	7	0	100%	
Director	UNITECH COMPUTER CO., LTD. LEE YING SIN	7	0	100%	
Director	HI-JET INCORPORATION YEH MING HAN	4	2	57.14%	
Director	HI-JET INCORPORATION YEH BO CHUN	7	0	100%	
Director	HI-JET INCORPORATION WANG KUO CHANG	3	1	75%	
Independent Director	SU LIANG	7	0	100%	
Independent Director	CHING, HU-SHIH	7	0	100%	
Independent Director	LIU YOU-KUO	6	1	85.71%	
Independent Director	HO PO CHUNG	3	1	42.86%	

**Other matters to be recorded :**

**1. In accordance with Article 14-3 of the Securities and Exchange Act, any resolutions passed by the Board of Directors that fall under the scope of Article 14-3 or any other matters where independent directors have expressed opposition or reservation and such opinions are recorded or provided in writing, shall be disclosed with the date, period, content of the proposal, all independent directors' opinions, and the company's handling of such opinions :**

<b>Board Date</b>	<b>Period</b>	<b>Proposal Content</b>	<b>All Independent Directors Opinion</b>	<b>Handling the opinion of the Independent Directors</b>
January 17, 2023	19 <sup>th</sup> meeting of 5 <sup>th</sup> term	Proposal for the Company's 2023 business plan.	<p><b>Independent Director Ching Hu Shih:</b></p> <p>a. For the selection of material supply, remember to include the GHG emission assessment.</p> <p>b. Optimize the Company's tax planning, and ask external professionals/accountants for help if necessary.</p> <p>c. The management department had provided explanation for the understanding of the budget allocation for 2023.</p> <p><b>Independent Director Liu You Kuo:</b></p> <p>For our iOS-compatible products, it is advisable to ask the enterprise application department of Apple to promote them together.</p>	Upon the consultation, all directors agreed and passed without objection.
March 22, 2023	20 <sup>th</sup> meeting of 5 <sup>th</sup> term	Proposal for the "performance bonus" for 2022 and the "annual salary adjustment" for 2023 for	<p><b>Independent Director Su Liang:</b></p> <p>The plan regarding the performance bonus and annual salary adjustment for managerial officers has been reviewed and considered appropriate by the Remuneration</p>	Upon the consultation of Independent Director SU LIANG, all directors agreed and passed without objection.

<b>Board Date</b>	<b>Period</b>	<b>Proposal Content</b>	<b>All Independent Directors Opinion</b>	<b>Handling the opinion of the Independent Directors</b>
		the Company's managerial officers.	Committee.	
		Proposal for the amount and distribution method of remuneration to employees and to directors for 2022.	Independent Director Su Liang: The Remuneration Committee recommended that Article 17 of the "Articles of Incorporation" be amended as "...set aside no less than 5% as employee remuneration..." subsequently.	Upon the consultation, all directors agreed and passed without objection.
		Proposal for the Company's business report, parent-only financial statements, and consolidated financial statements for 2022.	Independent Director Su Liang: Provide additional information on the reasonableness of the receivable allowance for devaluation loss and inventories in the financial statements.	Upon the consultation, all directors agreed and passed without objection.
May 5, 2023	21 <sup>th</sup> meeting of 5 <sup>th</sup> term	The Company's consolidated financial statements for Q1 2023 audited by CPAs.	Independent Director Su Liang: Explain the reasonableness of the changes in related expenses in Q1, and remember to control the subsequent expenses.	Upon the consultation, all directors agreed and passed without objection.
		Remuneration to the Company's "chief corporate governance officer."	Independent Director Su Liang: Provide information on the review results of the Remuneration Committee.	Upon the consultation, all directors agreed and passed without objection.

<b>Board Date</b>	<b>Period</b>	<b>Proposal Content</b>	<b>All Independent Directors Opinion</b>	<b>Handling the opinion of the Independent Directors</b>
<b>August 4, 2023</b>	<b>3<sup>th</sup> meeting of 6<sup>th</sup> term</b>	<b>Proposal for the distribution of “employee remuneration ” for the Company’s managerial officers for 2022.</b>	<p><b>Independent Director Ching Hu Shih:</b></p> <p><b>A. The Remuneration</b> Committee has approved the proposal of the management department and submitted it to the Board of Directors for discussion and resolution.</p> <p><b>B. The Remuneration</b> Committee recommends that the following be taken into account in the future:</p> <p><b>a. Whether the</b> remuneration to the Chairman and CSO should be paid through the employee remuneration (for this time, the payment is not included in the employee remuneration but given with the title of “bonus”)</p> <p><b>b. Whether to include all</b> employees in the distribution, as not all employees are involved in the distribution of remuneration (only about one-third of our employees receive employee remuneration).</p>	<b>The management department: We will refer to the opinions of the Compensation Committee and fully consider the " Employee Compensation " and the "Employee Performance Bonus" systems ,and report back to you.</b>
<b>November 6, 2023</b>	<b>4<sup>th</sup> meeting of 6<sup>th</sup> term</b>	<b>Formulation of the annual audit plan for 2024 for the Company and its subsidiaries.</b>	<b>Question from Independent Director Ching - How the overseas subsidiaries perform audits.</b>	<b>Explained by the Audit Supervisor.</b>

**2. The implementation status of directors' abstention from related-party transactions shall be disclosed, including the name of the director, the content of the agenda, the reason for abstention from benefiting, and the voting status of the director :**

<b>Director Name</b>	<b>Board Date</b>	<b>Content of the agenda</b>	<b>The reason for abstention from benefiting</b>	<b>Voting status of the director</b>
<b>YEH CHIA WEN</b>	<b>March 22, 2023</b>	<b>Proposal for the “performance bonus” for 2022 and the “annual salary adjustment” for 2023 for the Company’s managerial officers.</b>	<b>The Chairman and the CSO, as this is related to his own interest.</b>	<b>Avoid discussions and votes, and Independent Director Su Liang acted as a proxy to consult with the other attending directors, the resolution was approved by all without objection.</b>
<b>SU LIANG CHING HU-SHIH LIU YOU-KUO</b>	<b>July 18, 2023</b>	<b>Proposal for the appointment of the Company’s Remuneration Committee members.</b>	<b>The three independent directors present, as this is related to their own interest.</b>	<b>Avoid discussions and votes. After the chairman consulted with the other attending directors, the resolution was approved by all without objection.</b>

### 3.Implementation status of the board of directors' evaluation:

Evaluation Week	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation content
Once every year	January 1, 2023~ December 31, 2023	Board of Director	Member self-evaluation	A. Level of participation in the company operations. B. Improving the quality of the board of directors' decisions. C. Composition and structure of the board of directors. D. Appointment and continuous education of directors. E. Internal control.
Once every year	January 1, 2023~ December 31, 2023	Individual Director	Member self-evaluation	A. Understanding the company's goals and mission. B. Aware of the director's responsibilities. C. The level of participation in company operations. D. Internal relationship management and communication. E. Professionalism and continuous education of directors. F. Internal Control.
Once every year	January 1, 2023~ December 31, 2023	Compensation Committee	Member self-evaluation	A. Level of participation in the company operations. B. Aware of the compensation committees' responsibilities. C. Improving the quality of the compensation committees' decisions. D. The composition and member selection of the the compensation committee. E. Internal control.
Once every year	January 1, 2023~ December 31, 2023	Audit Committee	Member self-evaluation	A. Level of participation in the company operations.



Evaluation Week	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation content
				<p>B. Aware of the audit committees ' responsibilities.</p> <p>C. Improving the quality of the audit committees ' decisions.</p> <p>D. The composition and member selection of the the audit committee.</p> <p>E. Internal control.</p>

- (1) Pursuant to the "Board of Directors' Performance Evaluation Operating Procedures" of this Company, the Board of Directors conducted a self-assessment and the evaluation was carried out by the General Manager's Office. The results were reported to the 6th meeting of the 6th board of directors held on March 11, 2024.
- (2) The performance evaluation results of the Board of Directors and directors of this Company for the year 2023 were between 4 (excellent) and 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the Board of Directors and directors in good corporate governance.
- (3) The performance evaluation results of the compensation committee of the company for the year 2023 were 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the compensation committee in good corporate governance.
- (4) The performance evaluation results of the audit committee of the company for the year 2023 were 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the audit committee in good corporate governance.

**4. Evaluation of the goals and execution of strengthening the functions of the board of directors in recent years (such as the establishment of the audit committee, enhancing information transparency, etc.):**

- (1) The Company has established communication channels between the independent directors and the certified public accountants, with meetings held prior to the issuance of financial reports, and the certified public accountants provide the independent directors with the results of their audits, differences between the unaudited and audited financial statements, as well as the latest legal and tax information and their impact on the Company's operations, for reference. Two meetings were held in 2022 and 2023 up until the date of the annual report's publication.
- (2) The Company's management reports to the Board of Directors at every meeting on the progress of the implementation of the previous meeting's resolutions and the current operating status, to facilitate the Board of Directors in fully understanding the progress of implementation and the fulfillment of management decisions. Ten meetings were held in 2022 and 2023 up until the date of the annual report's publication.

**(3) The Board of Directors revised the Company's relevant regulations in response to the Company's actual operational needs in 2022, including the "Internal Control System", "Internal Audit System", "Articles of Incorporation", "Shareholders' Meeting Rules of Procedure", "Acquisition or Disposal of Assets Procedures" ,"Board of Directors Meeting Rules of Procedure", "Sustainability Best Practice Guidelines","Internal Major Information Processing Procedures","Accounting System","Related Party Transactions Procedures " and "Corporate Governance Best Practice Guidelines" and and"Organization Regulations of Remuneration Committee"to achieve compliance with legal requirements.**

### 3.4.2 The State of Operations of the Audit Committee :

Following the fifth board of director election (June 23, 2020), our company established the first Audit Committee. After the shareholders' meeting on June 16, 2023, the comprehensive re-election of directors, the term of the current committee members will be from June 16, 2023 to June 15, 2026. The members of the committee are four independent directors, and one of them is elected as the convener and chairman of the meetings. The operation follows the "Audit Committee Organization Regulations" of our company."

The Audit Committee held 4 meetings during the year 2023(A), the attendance of independent directors is as follows:

Title	Name	Attendance in person(B)	By proxy	Actual Attendance (B/A) (%)	Remarks
Independent Director	SU LIANG	4	0	100%	Elected on June 16, 2023. Elected as the convener and chair of the meeting upon the resolution of the Audit Committee on August 4, 2023.
Independent Director	CHING HU-SHIH	4	0	100%	Elected on June 16, 2023.
Independent Director	LIU YOU-KUO	4	0	100%	Elected on June 16, 2023.
Independent Director	HO PO CHUNG	2	0	100%	Elected on June 16, 2023.

#### Other matters to be recorded:

1. If any of the following circumstances occur in the operation of the Audit Committee, the date of the board of directors, the term, the content of the agenda, the decision of the Audit Committee, and the company's handling of the Audit Committee's opinions shall be described:

(1) Matters listed in Article 14-5 of the Securities Exchange Act :

Date of meeting	Meeting Content	Independent Director's objections	Meeting's Result	Handling of the audits committee's opinion
March 22, 2023 15th term of the 1st meeting	1.Resolved the proposal for the Company's business report, parent-only financial statements, and	The independent director has no objections .	All attending committee members unanimously agreed and	The Board of Directors has passed the proposal without

	<p>consolidated financial statements for 2022.</p> <p>2.Resolved the proposal for the Company’s “effectiveness evaluation of internal control system” and “Statement on Internal Control System” for 2022.</p> <p>3.Resolved the proposal for the Company’s earnings distribution for 2022.</p> <p>4.Resolved the proposal for the appointment and remuneration of the Company’s CPAs for 2023.</p> <p>5.Resolved the proposal for the amendment regarding the internal control system and internal audit system of the Company’s “Non-transaction Cycle Control Procedures.”</p>		<p>the decision will be submitted to the board of directors for approval.</p>	<p>objection based on the recommendation of the Audit Committee.</p>
<p>May 5, 2023 16th term of the 1st meeting</p>	<p>1.Resolved the proposal for the Company’s consolidated financial statements for Q1 2023.</p>	<p>The independent director has no objections ◦</p>	<p>All attending committee members unanimously agreed and the decision will be submitted to the board of directors for approval.</p>	<p>The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.</p>
<p>August 4, 2023 1<sup>th</sup> term of the 2<sup>st</sup> meeting</p>	<p>1. Resolved the proposal for the election of the Audit Committee convener/chair.</p>	<p>The independent director has no objections ◦</p>	<p>All attending committee members unanimously agreed and the decision</p>	<p>The Board of Directors has passed the proposal without objection</p>

	<b>2.Resolved the proposal for the Company’s consolidated financial statements for Q2 2023.</b>		<b>will be submitted to the board of directors for approval.</b>	<b>based on the recommendation of the Audit Committee.</b>
<b>November 6, 2023 2th term of the 2st meeting</b>	<b>1.Resolved the proposal for the Company’s consolidated financial statements for Q3 2023. 2.Resolved the proposal for the change of the Company’s CPAs.</b>	<b>The independent director has no objections ◦</b>	<b>All attending committee members unanimously agreed and the decision will be submitted to the board of directors for approval.</b>	<b>The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.</b>

**(2) Other resolutions that were not approved by the Audit Committee but were passed by more than two-thirds of all directors present at the meeting, excluding the aforementioned matters: None**

**2. The execution status of independent directors' recusal from voting on matters related to conflicts of interest shall be described, including the name of the independent director, the content of the matter, the reason for recusal, and whether the director participated in the voting: None**

**3. The communication between the independent directors and the internal audit director and accountant of the company:**

**The communication was smooth, and it achieved consistent conclusions.**

**(1) Communication between independent directors and accountants:**

**The independent directors of the company communicate with the accountants at least once a year through face-to-face meetings (without other directors and management present). The accountants report to the independent directors on the financial condition, overall operation, and internal control audit of the company and its subsidiaries and explain and communicate fully on the major adjusting entries and recent regulatory revisions, if any. If necessary, additional meetings can be convened for communication.**

**When there is major investment, financing matters, or before the issuance of financial reports, the independent directors will communicate with the accountants first, and the communication is good. The summary is as follows:**

<b>Date of meeting</b>	<b>Nature of the Content</b>	<b>Meeting Content</b>	<b>Independent Director's result</b>	<b>Handling of the Independent Director</b>
March 22, 2023	Individual face-to-face communication meeting.	<b>1. Communication with Corporate Governance Unit.</b> (1) Independence of the CPA. (2) Content of the Client Representation Letter. (3) Audit Scope of the Group. (4) Significant Risks. (5) Execution and Results of Internal Control Testing. (6) Transactions and Relationships with Related Parties. (7) Key Audit Matters. (8) Audit Differences. (9) Expected Audit Opinion for 2022. <b>2. Updates on Regulatory Laws and Regulations.</b>	The independent directors have understood the content of the explanations provided by the auditors and did not make any other suggestions.	None

(2) The communication between the independent directors and the internal audit director of the Company is primarily carried out through the following three methods:

A. The independent directors and the internal audit director arrange face-to-face communication at least once every quarter, with the audit director reporting on the internal audit operation. If necessary, meetings may be convened at any time to discuss.

B. Perform various project audits or further analyze the content of previous audit reports in accordance with the instructions of the independent directors.

C. Directly communicate through phone or email.

The key points of communication between the independent directors and the internal audit director and the subsequent execution and handling are summarized as follows :

<b>Date</b>	<b>Communication Key Point</b>	<b>Execution Results</b>
January 17, 2023	Audit Business Execution Report for October-December 2022	The independent directors have no objection on the Audit Manager's Report.
March 22, 2023	Audit Business Execution Report for January-February 2023 Execution Results Report of Internal Control Self-Assessment for 2022	The independent directors have no objection on the Audit Manager's Report.

<b>Date</b>	<b>Communication Key Point</b>	<b>Execution Results</b>
<b>May 5, 2023</b>	<b>Audit Business Execution Report for March 2023</b>	<b>The independent directors have no objection on the Audit Manager's Report.</b>
<b>July 18, 2023</b>	<b>Audit Business Execution Report for April-May 2023</b>	<b>The independent directors have no objection on the Audit Manager's Report.</b>
<b>August 4, 2023</b>	<b>Audit Business Execution Report for June 2023</b>	<b>The independent directors have no objection on the Audit Manager's Report.</b>
<b>Novemeber 6, 2023</b>	<b>Audit Business Execution Report for July-September 2023 Audit Plan for 2024</b>	<b>The independent directors have no objection on the Audit Manager's Report.</b>

#### **4.Key Points Work of the Audit Committee :**

**The Audit Committee composed of 3 independent directors, is responsible for ensuring appropriate expression of the company's financial reports, selecting (removing) auditors and evaluating their independence and performance, effective implementation of internal control, compliance with relevant laws and regulations, and risk management of the company's existing or potential risks. Its main responsibilities are as follows:**

- (1) Establishing or revising internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.**
- (2) Assessing the effectiveness of internal control systems.**
- (3) Establishing or revising processing procedures for significant financial transactions involving acquisition or disposal of assets, derivative transactions, fund lending, endorsement or guarantee for others, in accordance with Article 36-1 of the Securities and Exchange Act.**
- (4) Matters involving self-interest of directors.**
- (5) Significant asset or derivative transactions.**
- (6) Significant fund lending, endorsement, or guarantee.**
- (7) Offering or privately placing equity securities.**
- (8) Appointment, removal, or compensation of auditors.**
- (9) Appointment or removal of financial, accounting, or internal audit managers.**
- (10) Annual and semi-annual financial reports.**
- (11) Other significant matters as stipulated by the company or competent authorities.**

**3.4.3 Corporate Governance-Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
1. Has the company establish and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the information has been disclosed on the Company's website and the Public Information Observation System.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
2. Shareholding Structure and Shareholders’ Rights (1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) The Company has established the " Corporate Governance Best-Practice Principles" which require designated personnel to handle shareholders' suggestions, inquiries, and disputes in a proper manner. Currently, the spokesperson, deputy spokesperson, and shareholder services unit are responsible for handling shareholders' suggestions and shareholder-related matters. Additionally, the Company's website provides an independent director mailbox to allow shareholders to express their suggestions fully.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The Company obtains the ultimate controller's list through the shareholder registry provided by the shareholder services agent and maintains close communication with major shareholders.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The Company has established regulations regarding subsidiary management and maintains an understanding of their operational status. Additionally, subsidiaries have their own internal control operation guidelines according to operational needs, and the parent company conducts periodic audits.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) The Company has established the " Internal Major Information Processing Procedures" and conducts promotion activities to prevent insiders from violating laws and regulations.	



Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons																												
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<b>3. Composition and responsibilities of the Board of Directors</b> <b>(1) Have a diversity policy and specific management objective been adopted for the Board of Directors and have they been fully implemented?</b>	V		<p>(1) The company has formulated a policy on board diversity in the "Corporate Governance Best-Practice Principles" and has publicly disclosed and implemented it on the company's website and on the Market Observation Post System. The board members have different areas of expertise and are all accomplished in their respective fields. There are also 3 independent directors, as shown in the following table :</p> <table border="1"> <thead> <tr> <th>Diversified Core Projects / Job Title</th> <th>Name</th> <th>Gender</th> <th>Operation management</th> <th>Leadership</th> <th>Industry knowledge</th> <th>Financial Accounting</th> </tr> </thead> <tbody> <tr> <td>President and Legal Representative of Director</td> <td>YEH CHIA WEN</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Deputy Chairman and Legal Representative of Director</td> <td>CHEN RONG HUEI</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Legal Representative of Director</td> <td>YEH KUO CHUAN</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> </tbody> </table>	Diversified Core Projects / Job Title	Name	Gender	Operation management	Leadership	Industry knowledge	Financial Accounting	President and Legal Representative of Director	YEH CHIA WEN	Male	V	V	V	V	Deputy Chairman and Legal Representative of Director	CHEN RONG HUEI	Male	V	V	V	V	Legal Representative of Director	YEH KUO CHUAN	Male	V	V	V	V	<p>The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.</p>
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	Independent Director	HO PO CHUNG	Male	V	V	V											
			<p>The members of the Board of Directors has taken into account diversity in various aspects and developed appropriate diversity policies based on the operations, business models, and development needs, including but not limited to the following two major criteria:</p> <p>A. Basic conditions and values: gender, age, nationality, and culture, etc  B. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.</p> <p>The overall capabilities that the Board of Directors should possess include:</p> <p>A. Operational judgment ability  B. Accounting and financial analysis ability  C. Management ability  D. Crisis management ability  E. Industry knowledge  F. International market perspective  G. Leadership ability  H. Decision-making ability</p> <p>In the current sixth term of the Board of Directors, there is only one employee director, one female director, and four independent directors (accounting for 36% of the total number of directors). The age distribution is as follows: 5 directors are between 71-80 years old,</p>														

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	2 directors are between 61-70 years old, 1 director is between 51-60 years old, 1 director is between 41-50 years old, and 2 directors are between 31-40 years old, with an even distribution. (2) According to the "Corporate Governance Best Practice Principles," the company has set up a Remuneration Committee and an Audit Committee based on the size of the board and the number of independent directors.	
(3) Has the Company established rules and methodology for evaluating the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) The company's board of directors operates smoothly and effectively. In 2023, the board conducted an internal self-evaluation according to the company's "Board of Directors Performance Evaluation Regulations." The evaluation was conducted by the General Manager's Office and the results were reported to the 6th meeting of the sixth board of directors on March 11, 2024.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The company conducts an annual evaluation of the independence of its accountants. The accounting supervisor lists the accountant's education and experience, professional qualifications, and evaluation items, including financial interests, financing and guarantees, business relationships, personal and family relationships, employment relationships, gifts and special offers, rotation of signing accountants, non-audit services, accountant independence statements, and Audit Quality Indicators (AQIs). The accountant and independent directors had a face-to-face meeting arranged on March 11, 2024, to explain each of the five dimensions of the AQIs (professionalism, quality control, independence, supervision, and innovation) and report to the board for discussion. The independence evaluation of the accountants for 2023 was submitted to and approved by the 20th meeting of the fifth board of directors on March 22, 2023.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
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4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices(including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations,organizing board meetings and annual general meetings of shareholders as required by laws,and compiling minutes of board meetings and annual general meetings)?	V		(1) The company has appointed a dedicated person to handle corporate governance-related matters, and will work with the General Manager's Office and the Finance Department to complete the following corporate governance-related matters in accordance with legal procedures and statutory deadlines. (2) On March 22, 2023, the Board of Directors approved the appointment of Ms. Jialing Zhang, Director of the Finance Department, as the "Corporate Governance Supervisor" of the Company. Her qualifications meet the requirements of Article 21 of the " Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers " and she has served as the head of the company's governance-related unit for more than three years.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers,etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		Our company has a spokesperson and a deputy spokesperson who serve as communication channels for the company's external communication. The company website also has a stakeholder section that provides email addresses and phone numbers for the spokesperson, deputy spokesperson, and independent directors, ensuring that communication channels between stakeholders and the company are unobstructed. The company also issues regular business status press releases each month and publishes them on the website. In 2022, we issued 25 important announcements onthe Market Observation Post System.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
6. Has the Company appointed a professional shareholder service agent to handle matters related to its shareholder meetings?	V		The company has appointed the Shareholder Services Department of Taishin International Bank to assist with the arrangements for shareholder meetings.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) Information related to financial operations and corporate governance is entered into designated websites as required by regulations. In addition, the company has set up a website to regularly disclose this information	The company is currently following the Corporate Governance

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
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<p>(2) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokesmen, webcasting investors conference etc.)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as operating statements for each month before the specified deadlines?</p>	V		<p>(2) The company has set up Chinese and English websites, with dedicated personnel responsible for collecting and disclosing company information and has implemented a spokesperson system effectively.</p> <p>(3) The company's financial reports are submitted to the Board of Directors and announced in accordance with regulations at least 7 days before the deadline.</p>	Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	V		<p>(1) Employee Rights: The company treats employees with integrity and protects their rights in accordance with relevant laws and regulations such as the Labor Standards Act.</p> <p>A. We value employee welfare and have established a Employee Welfare Committee.</p> <p>B. We hold regular on-the-job training sessions and study groups to enhance employee skills and management knowledge.</p> <p>C. We respect gender equality in the workplace and have established a comprehensive "Sexual Harassment Prevention, Complaint and Punishment Regulations," as well as a complaint handling mechanism.</p> <p>D. We strictly comply with the "Occupational Safety and Health Act" regulations, providing colleagues with fire and emergency safety training, regulating equipment maintenance, and ensuring employee workplace safety.</p> <p>(2) Employee Care: In addition to comply with legal regulations, the company has implemented good welfare measures and systems to build a relationship of mutual trust and reliance between the company and employees. The colleagues maintain physical and mental health and achieve work-life balance. For example, we provide all colleagues with group accident, medical, and life insurance, annual comprehensive health</p>	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies without any discrepancies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
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			<p>checks, flexible working hours, various social club activities, spiritual lectures, marriage allowances, funeral condolences, and retirement systems.</p> <p>(3) <b>Investor Relations:</b> The company has a spokesperson, proxy spokesperson, and shareholder services unit, and has set up an investor service area on the company's external website to provide investors with financial and corporate governance information and a question-and-answer mechanism to address shareholder proposals. In addition, this section also has an independent director mailbox to provide a communication channel for investors and the company.</p> <p>(4) <b>Supplier Relations:</b> Our company has always maintained good relations with suppliers, and our business execution has been excellent. We communicate and review product policies, quality targets, and cooperation progress through meetings, phone calls, and emails. To ensure that our products comply with environmental protection and energy conservation regulations, we hope to minimize the impact on the environment from raw materials to finished products. The company and suppliers work together to make products production and sales meet RoHS and WEEE regulations, and implement green environmental protection.</p> <p>(5) <b>Rights of Stakeholders:</b> Our company has a spokesperson and proxy spokesperson as communication channels for external stakeholders. Stakeholders can communicate with the company to safeguard their legitimate rights and interests. The company has also established the "Internal Handling Procedures for Material Non-Public Information" and regularly conducts training and education for managers and directors via email. This procedure is also available on our company website to prevent insider trading and safeguard the interests of investors.</p>	

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			<p>(6) The training records of directors:</p> <table border="1"> <thead> <tr> <th>Job Title</th> <th>Name</th> <th>Course Date</th> <th>Course</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td>Legal Representative of Director</td> <td>YEH CHIA WEN</td> <td>July 4, 2023</td> <td>2023 Cathay Sustainable Finance and Climate Change Summit</td> <td>6</td> </tr> <tr> <td rowspan="2">Legal Representative of Director</td> <td rowspan="2">YEH KUO CHUAN</td> <td>November 15, 2023</td> <td>Information Security Governance in Practice: Analysis of Key Management Issues</td> <td>3</td> </tr> <tr> <td>October 6, 2023</td> <td>AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT</td> <td>3</td> </tr> <tr> <td rowspan="2">Legal Representative of Director</td> <td rowspan="2">CHEN RONG HUEI</td> <td>November 15, 2023</td> <td>Information Security Governance in Practice: Analysis of Key Management Issues</td> <td>3</td> </tr> <tr> <td>October 6, 2023</td> <td>AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT</td> <td>3</td> </tr> <tr> <td rowspan="2">Legal Representative of Director</td> <td rowspan="2">LEE YING SIN</td> <td>November 15, 2023</td> <td>Information Security Governance in Practice: Analysis of Key Management Issues</td> <td>3</td> </tr> <tr> <td>October 6, 2023</td> <td>AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT</td> <td>3</td> </tr> </tbody> </table>	Job Title	Name	Course Date	Course	Training hours	Legal Representative of Director	YEH CHIA WEN	July 4, 2023	2023 Cathay Sustainable Finance and Climate Change Summit	6	Legal Representative of Director	YEH KUO CHUAN	November 15, 2023	Information Security Governance in Practice: Analysis of Key Management Issues	3	October 6, 2023	AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT	3	Legal Representative of Director	CHEN RONG HUEI	November 15, 2023	Information Security Governance in Practice: Analysis of Key Management Issues	3	October 6, 2023	AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT	3	Legal Representative of Director	LEE YING SIN	November 15, 2023	Information Security Governance in Practice: Analysis of Key Management Issues	3	October 6, 2023	AI Boom: Technology Development and Business Opportunities of Applications of ChatGPT	3	
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Legal Representative of Director	YEH MING HAN	November 15, 2023	Information Security Governance in Practice: Analysis of Key Management Issues	3																																								
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Legal Representative of Director	YEH BO CHUN	October 27, 2023	Building Sustainable Resilience with Dynamic Thinking	3																																								
		October 27, 2023	Corporate Risk Management and Investment/Financing Tools	3																																								
		September 20, 2023	Analysis of Common Violation Cases Against the Securities and Exchange Act	3																																								
Independent Director	SU LIANG	June 2, 2023	2023 Taishin Net Zero Summit	3																																								
		January 12, 2023	International Forum on Business Ethics and ESG	6																																								

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			<p>Directors, in order to reduce operational risks.</p> <p>(8) Implementation of Customer Policies:</p> <p>A. Customer Credit Limit Management: The company has a complete "Customer Credit Limit Management Policy" to effectively control risks, ensure payment collection while exploring potential quality customers, and promoting sales to expand the business.</p> <p>B. Customer Service and Technical Consultation: Our company provides products that require complete technical support services, therefore we have set up an "0800". Customer service hotline and a customer maintenance, repair, feedback, and suggestion channel on the company website. In addition, we also arrange product education and training for customers when launching new products.</p> <p>(9) The company has purchased a liability insurance policy of 1 million US dollars for its directors and key personnel.</p>	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <p>(1) According to the Corporate Governance Evaluation results in 2023, the company has reviewed the reasons for the previous year's failure to score, continuously strengthened corporate governance and information disclosure, and the evaluation indicators for this year are as follows:</p> <p>A. Did the company upload the English version of its annual report 16 days prior to the annual shareholders' meeting?</p> <p>B. Did the company disclose the interim financial statements in English within two months after the deadline for filing the Mandarin version of the interim financial statements?</p> <p>C. Does the company establish human rights protection policies and concrete management plans with reference to the international human rights conventions, and disclose relevant policies and the implementation status thereof on its website or annual report?</p> <p>D. Does the company disclose the annual greenhouse gas emissions, water usage and total weight of waste over the previous two years?</p> <p>E. Has the company been certified by ISO 14001, ISO 50001 or any similar environmental or energy management system certifications?</p> <p>(2) Prioritized items and measures to strengthen:</p> <p>A. The prioritized items that were not scored in this year's evaluation and the measures to strengthen them are as follows:</p> <p>a. Does the company record the important content of shareholders' questions and the company's responses in the minutes of the annual shareholders' meeting?</p> <p>b. Has the company established a specialized (or designated an existing) unit to promote sustainable development? Does the company conduct risk assessment regarding environmental, social or corporate governance issues related to the company's operations according to the materiality principle? Has the company formulated relevant</p>				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
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<p>risk management policies or strategies, had the board of directors supervise the promotion of sustainable development, and disclose such information on the company's website and annual report?</p> <p>c. Does the company regularly disclose the concrete promotion plans and implementation results of corporate sustainable development (ESG) on the company's website, annual report or sustainability report?</p> <p><b>B. Strengthening measures:</b> The disclosure of the shareholders' meeting minutes is expected to be enhanced in 2023; the sustainable development plans will be promoted continuously, with the specific implementation results disclosed.</p>				

**3.4.4 The company has disclosed the composition, responsibilities, and operation of its remuneration committee, as follows :**

**1. On October 28, 2011, the Board of Directors of the company passed the "Organization Regulations of Remuneration Committee." On June 16, 2023, in conjunction with the election of new directors, the fifth term of the remuneration committee members was approved.**

**2. The information of the members of the remuneration committee is as follows :**

Criteria Identity Type Name		Professional Qualification Requirement and Working Experience	Independence Criteria	The number of family members serving as members of the remuneration committee of other publicly listed companies.
Independent Director Convener	SU LIANG	Please refer to pages 24-27 of this annual report for disclosure of director's professional qualifications and independence information of independent directors.		1
Independent Director	CHING HU SHIH			0
Independent Director	LIU YOU KUO			0
Independent Director	HO PO CHUNG			0

**3. Responsibilities of the Remuneration Committee :**

**The Committee shall faithfully perform the following duties with the care of a good administrator and submit its recommendations to the Board of Directors for discussion: :**

- (1) Regularly review the "Remuneration Committee Organizational Rules" and make revision proposals.**
- (2) Formulate and regularly review the performance evaluation standards and objectives for the directors and managers of the Company, as well as the policies, systems, standards, and structure of remuneration.**
- (3) Regularly evaluate the achievement of performance targets by the Company's directors and managers, and determine the content and amount of remuneration based on the results of performance evaluation e.**

**4. Information on the Operation of Remuneration of the Cmmittee :**

- (1) There are a total of three members of the Remuneration Committee of the Company.**

(2) The term of office for this current (fifth) committee is from July 18, 2023, to June 15, 2026 . The Remuneration Committee held a total of three meetings [A] during the latest fiscal year, and the qualifications and attendance of the committee members are as follows:

Job Title	Name	Attend in person ( B )	By proxy	Actual Attendance (%) (B/A)	Remarks
Convener	SU LIANG	3	0	100%	The board of directors approved the appointment of members of the Remuneration Committee on July 18, 2023. Elected as the convener and chair of the meeting upon the resolution of the Remuneration Committee on August 4, 2023
Committee	CHING HU-SHIH	3	0	100%	
Committee	LIU YOU-KUO	3	0	100%	
Committee	HO PO CHUNG	1	0	100%	

Other matters to be recorded :

1. If the Board of Directors does not adopt or amend the recommendations of the compensation committee, the board shall specify the date, session, agenda, resolution results, and the handling of the company's opinions on the compensation committee's opinions (if the compensation and benefits approved by the board are better than the recommendations of the compensation committee, the differences and reasons should be explained): None
2. If there are objections or reservations from members of the compensation committee on the decisions made, and there are records or written statements, the date, session, agenda, opinions of all members, and the handling of member opinions shall be stated: None

**3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

**1. The Deviations of implementation Status and the Reasons**

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>The company has established the " Sustainable Development Best Practice Principles " to ensure the integrity of operations, good corporate governance, sustainable environmental development, social welfare, protection of stakeholders' rights, and employees' health and safety, as well as career planning for colleagues. These guidelines serve as the basis for our company's operations.</p> <p>(1) On March 22, 2023, the Board of Directors approved of appointing the financial director Chang Chia Lin as the chief corporate governance officer.</p> <p>(2) In terms of relevant implementation status in 2023, all responsible units summarized the implementation results in the Board of Directors meeting on November 6, 2023 for explanation and review.</p> <p>(3) The GHG inventory and verification plan is reported to the Board of Directors on a quarterly basis. According to the schedule of the plan, the Company will start the inventory in 2024 while the subsidiaries will do so in 2025.</p>	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>The Company's designated sustainable development promotion unit has conducted risk assessment regarding environmental, social and corporate governance issues related to the Company's operations according to the materiality principle, and formulated the following risk management policies:</p> <p>(1) Risk policies related to environmental issues: The Company is an electronic product assembly manufacturer. The assembly process does not involve the generation of sewage, air, noise, or toxic substances.</p>	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>When selecting suppliers of relevant parts, regarding the desired electronic parts and components, mechanical components, batteries and packing materials for which recognition is necessary, the Company requests upstream suppliers of raw materials and parts to provide written declarations stating that their materials are in line with relevant international environmental regulations.</p> <p>The Company also has the “Fire Prevention Regulations,” “Typhoon Prevention Regulations,” “Personnel and Environmental Pandemic Prevention Regulations,” “Environmental Operation Control Procedures,” “Waste Management Procedures,” “Noise Management Procedures,” and “Chemical Management Procedures” in place for compliance.</p> <p>In 2023, the environmental management system was successfully introduced, and ISO 14001 certification was obtained in December 2023. The latest certificate is valid from December 28, 2023 to December 27, 2026.</p> <p>(2) Risk policies related to social issues:</p> <p>A. The Company’s products are consistent with safety and environmental regulations and relevant standards such as CE, FCC, and NCC around the world. Product liability insurance is also purchased to ensure liability and risk management.</p> <p>B. Respect for the rights and interests of stakeholders and enhancement of information disclosure: The Company has established and implemented the “Internal Major Information Processing Procedures” , “Ethical Corporate Management Best Practice Principles” , “Regulations Regarding</p>	



Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
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			<p>Holiday Gifts to Suppliers, Customers and Subcontractors” , “Personal Data Protection Regulations,” and “Whistle-blowing System Regulations,” with reminders provided and reviews conducted.</p> <p><b>C. Emphasis on employee safety and health:</b> The Company has formulated and implemented the “Employee Management Regulations” , “Employee Opinion Handling Regulations” , “Sexual Harassment Prevention Measures, Complaint and Punishment Regulations” and “Regulations Regarding Written Statement on Prohibition of Sexual Harassment in the Workplace,” with reminders provided and reviews conducted.</p> <p><b>D. Encouragement in relation to social welfare:</b> Based on the concept of “giving back to society what we take from it” ,Unitech is actively dedicated to social charity/welfare, cultural education promotion, and other activities, and encourages employees to play a role in social responsibility with practical actions. In line with our corporate philosophy, we continue to participate in and enhance various social welfare activities to exert our social influence on the issues of supporting disadvantaged groups, promoting arts and cultural education in Taiwan, and protecting the environment, in the hope of contributing to a beautiful and inclusive society.</p> <p>The social welfare activities in which we participated in 2023 are summarized as follows:</p>	

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			<p>The details of the welfare activities we participated in are described as follows:</p> <p><b>a. Support to disadvantaged children</b>  In recent years, Chung Yi Social Welfare Foundation has taken the establishment of a “Children Welfare Park” as its main vision to help disadvantaged children who are abused, abandoned or mistreated. In support of the fund-raising event for establishing the “Children Welfare Park,” Unitech invited employees to jointly take part in the charity sale event of “For the Love of Home” held on May 20 at the Flower Sea Area of the Taipei Expo Park. All the income from the charity sale and fund-raising activities on that day, NTD 184,800 in total, was donated to the Chung Yi Social Welfare Foundation to contribute to the establishment of the Children Welfare Park. We hope that in this way, more children without relatives to rely on can grow up safely and healthily through better placement and upbringing.</p> <p><b>b. Promotion of education and culture</b>  Unitech sponsored “Formosa Virtuoso Organist” and the Formosa Pipe Organ Society to hold the first “Formosa International Organ Festival” for the purpose of discovering, creating, developing, preserving and promoting the organ culture of Taiwan. The 1st “Formosa International Organ Festival” starting in September held a month-long special exhibition, “Discover the Beauty of Taiwan’s Pipe Organs” which attracted 15,000 visitors with the beauty of Taiwan’s pipe organ music culture, and achieved the primary aim of</p>	

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			<p>local music education development by introducing the sound and prototype of pipe organs to 400 students. In October, František Vaniček, the international pipe organ virtuoso from Czechia, was invited to give two touching performances for the audience in northern Taiwan at the National Theater &amp; Concert Hall in Taipei and the century-old church in Bangkah. This local organ festival facilitated a connection between the beautiful instruments of local churches and the communities, and, together with the shock, stimulation, creativity and integration generated by the musical and cultural exchanges of international performances, accumulated unique performance experiences, musical and cultural assets, and development of pipe organ talent in Taiwan little by little. With these musical and cultural “seeds” slowly sprouting, Taiwan will finally create its own pipe organ music.</p> <p>c. Love for life and passion for helping others Unitech has been devoting attention to the needs of society and sparing no effort in fulfilling corporate social responsibility. In recent years, Taiwan has faced a rare but serious blood shortage, with blood donation centers around the nation highlighting the urgent need for blood donors. To offer “Donate a bag of blood and save a life” as mentioned by the slogan, Unitech took part in the blood donation event held by AAEON Foundation on September 1. On the day of the event, to encourage the active participation of the employees of Unitech and other companies in the park, Unitech ordered bags of “Chishang Champion Rice” from the</p>	

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			<p>Taitung County Farmers' Association as gifts for the kind blood donation, which also helped promote the agricultural development of Taiwan milled rice. In this way, we not only expressed our love, but also worked with smallholders to let more people know the high-quality milled rice of Taiwan.</p> <p>On that day, 182 bags of 250cc of blood, or 45,500cc of blood in total, were donated. By inviting employees to roll up their sleeves and donate blood, Unitech hoped that a love chain could be created via this practical action, and that more and more people could be affected and further join the charitable action, radiating more warmth and gathering more positive energy in the society together.</p> <p>(3) Risk policies related to corporate governance issues:</p> <p>A. The Company has appointed a chief corporate governance officer, formulated the Corporate Governance Best Practice Principles, and reported the implementation status of the current year and the plan for the next year to the Board of Directors on an annual basis.</p> <p>The implementation of corporate governance, fulfillment of ethical management and promotion of sustainable development in 2023, together with the implementation plan for 2024, were reported to the Board of Directors on November 6, 2023.</p> <p>B. Attention has been placed on the relationship with employees, suppliers, customers, shareholders and communities in the process of corporate management. By ensuring fair trade, mutual benefit,</p>	

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			<p>information disclosure, and protection of privacy and business secrets, we avoid possible losses. The Company emphasizes ethical management and fulfillment of social responsibility in the “Corporate Governance Best Practice Principles,” “Employee Management Regulations,” “Code of Ethical Conduct,” “Employee Code of Conduct,” and “Sexual Harassment Prevention Measures, Complaint and Punishment Regulations.” These are announced on the intranet for all employees to comply with, and the provisions are adjusted based on timely risk assessment and implemented.</p> <p>C. The Company also purchases liability insurance for directors and managerial officers so that relevant risks are reduced.</p> <p>(4) Risk policies related to corporate information security: More than 10 management regulations regarding the safe use of computer software/hardware and ICT have been established, and an information security management system has been introduced. In August 2023, ISO-27001 certification was obtained.</p>	
<p><b>3. Environmental Issues</b>  <b>(1) Has the Company set an environmental management system designed to industry characteristics?</b></p>	V		<p>The company is engaged in electronic assembly operations in production, and our products comply with RoHS, WEEE, and REACH regulations. We have obtained IECQ QC080000 certification and ISO-14001 Environmental Management System Certification. We have established environmental and occupational safety and health regulations in accordance with relevant international standards, ensuring environmental safety, and the health</p>	<p>The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.</p>

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			and safety of our personnel. We take responsibility for environmental management.	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(1) We have implemented electronic invoicing and adopted an electronic document exchange system, and our offices practice waste classification and encourage double-sided printing to improve resource efficiency.  (2) All components used in our company's products comply with green environmental standards, but we do not currently use recycled materials.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(1) We have implemented electronic invoicing and adopted an electronic document exchange system, and our offices practice waste classification and encourage double-sided printing to improve resource efficiency.  (2) All components used in our company's products comply with green environmental standards, but we do not currently use recycled materials.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.

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			year, we aim to enhance our ability to prevent fires and ensure sustainable business operations.																	
Global warming	Due to the increase of the usage in electricity, the cost of the emission has relatively increased	Promote energy conservation and carbon reduction measures also apply for the relevant energy conservation subsidies.	Installs the heat-insulating film on external windows of the office, identifies energy-consuming equipment, and continuously replaces them with energy-saving devices																	
Unstable water and electricity supply	The operation was disrupted due to the outage of the power	Upgrade the uninterruptible power system and generator equipment in the factory to reduce risks	Develop "System Host Management Regulations" to control risks and reduce losses.																	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>1. In Year 2021, the company (only the parent company, excluding subsidiaries) had operating revenues of 1872.860 million and in Year 2023, operating revenues of 1869.396 million. The greenhouse gas emissions, water consumption, and total waste generated by our operations are as follows :</p> <p>(1) Greenhouse Gas Emissions :</p> <p>As an electronic product assembly and manufacturing industry, our company does not have fixed combustion sources or transportation equipment that directly emit significant quantities of greenhouse gases. Therefore, we only list the indirect emissions (Category 2) of greenhouse gases resulting from the following energy consumption :</p> <p>2022 : 721,659 kWh of electricity consumed with a CO2 emission factor of 0.554, resulting in emissions of 370 metric tons of CO2.</p> <p>2023 : 729,805 kWh of electricity consumed with a CO2 emission factor of 0.554, resulting in emissions of 404 metric tons of CO2.</p> <p>(2) Water consumption :</p> <p>2022 : 5,037 cubic meters of water consumed.</p> <p>2023 : 4,915 cubic meters of water consumed.</p> <p>(3) Total waste generated :</p> <p>The company did not generate hazardous waste in both 2022 and 2023. Therefore, we only list the total weight of non-hazardous waste generated as follows :</p> <p>2022 : Approximately 5.35 metric tons.</p> <p>2023 : Approximately 5.19 metric tons.</p> <p>Revenue in 2023 was approximately the same, and electricity consumption increased slightly by 1%.</p>	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>We have partnered with a recycling company to recycle and reuse some of our waste (e.g., plastic trays) to reduce waste disposal, and we continue to promote paperless operations.</p> <p><b>2. Future quantified management goals for greenhouse gas emissions, water management, and waste management :</b></p> <p><b>(1) Greenhouse gas emissions management</b>  Due to the growth in business volume, the company has increased electricity consumption. However, we continue to seek possible energy-saving solutions. Based on Year 2019 as the baseline year, we aim to reduce overall electricity consumption by 1% and greenhouse gas emissions by 1% by the year 2024.</p> <p><b>(2) Water management</b>  In response to the global water resource shortage, based on year 2019 as the baseline year, we aim to reduce overall water consumption by 5% by the year 2024.</p> <p><b>(3) Wastage management</b>  Although our company's revenue continues to grow, which may result in an increase in waste, we continue to promote digitization of operations. Based on Year 2019 as the baseline year, we aim to reduce overall waste disposal by 1% by the year 2024.</p> <p><b>3.Implementation to achieve the goals</b></p> <p><b>(1) Greenhouse gas emissions management</b>  <b>A. Monitor monthly electricity usage and review it regularly.</b></p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p><b>B. Promote energy-saving programs for air conditioning systems, electrical lighting, and other electrical equipment. Regularly inspect energy-consuming devices and replace them as needed.</b></p> <p><b>C. Regarding the air-conditioning system, we have installed energy-saving equipment, gradually replaced the old air-conditioners with variable frequency ones, and formulated relevant regulations for the use of such equipment.</b></p> <p><b>D. Replace lighting fixtures in the factory/office area with LED energy-saving lamps, ensuring that the illuminance meets standards. Use automatic sensing lamps in appropriate places, etc.</b></p> <p><b>E. Gradually consolidate information servers and replace them with new energy-efficient models.</b></p> <p><b>(2) Water management</b></p> <p><b>A. Monitor monthly water usage and review it regularly.</b></p> <p><b>B. Use water-saving devices.</b></p> <p><b>(3) Wastage Management</b></p> <p><b>Digitize and paperless work processes as much as possible, and continue to promote electronic operations to reduce paper usage.</b></p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
<b>4. Social Issues</b> (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		<p>In order to fulfill the social responsibilities, promote sustainable development, and protect the basic human rights of all employees and stakeholders, the company has established a policy to safeguard human rights and specific management plans in accordance with the "Universal Declaration of Human Rights", the "international human rights conventions" and the "Labor Standards Act." With employees from various nationalities across the United States, Europe, Japan, and China, about 80 foreign employees are provided with employee handbooks based on the laws of their respective countries to ensure compliance with relevant labor laws and regulations and protect the rights and interests of employees. The company also implemented various humane and employee satisfaction-related systems. At the same time, we have a Code of Conduct that is announced and disseminated to our global employees.</p> <p>(1) <b>Human Rights Assessment:</b>            The company is committed to provide a safe working environment, respecting employees, and operating with ethics. Therefore, we have established relevant regulations, such as the "Employee Management Regulations," "Prevention and Punishment Regulations for Sexual Harassment and Complaints," "Personal Information Protection Regulations," and various public safety/environmental management regulations, and ethical codes, etc.</p> <p>(2) The company has established regulations related to human rights policies, emphasizing the following:</p> <p><b>A. Ethics and Integrity: We uphold business ethics and</b></p>	<p>The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.</p>

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>insist on operating with integrity.</p> <p><b>B. Labor Rights:</b> We comply with local labor laws and regulations and establish regulations for working hours and vacation policies.</p> <p><b>C. Employment Principles:</b> We strive for equal opportunities and the principle of hiring based on ability. All those who possess the required skills and knowledge may participate in job selection.</p> <p><b>D. Compensation and Benefits:</b> Employee wages comply with labor law regulations.</p> <p><b>E. Prevention of Sexual Harassment:</b> We provide complaint channels and set up a Sexual Harassment Complaint Evaluation Committee to effectively handle sexual harassment complaints.</p> <p><b>F. Privacy Protection:</b> We establish personal data protection regulations in accordance with the Personal Information Protection Act. The procedures for collecting, processing, utilizing, storing, and destroying personal information are clearly stated to safeguard the rights and interests of stakeholders.</p> <p><b>(3) Education training:</b></p> <p><b>A.</b> Relevant regulations are announced on the internal website for employees to access and follow at any time.</p> <p><b>B.</b> The company conveys these policies to new</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>employees during orientation training, which was conducted twice in the year 2023.</p> <p>(4) Implementation Status : The company has implemented the above regulations in year 2023, and no violations of human rights have occurred.</p>	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>(1) The company has established a comprehensive system for personnel job grades, salaries, performance evaluations, and performance rewards. All welfare benefits comply with relevant laws and regulations, and some benefits (such as insurance and health checkups) exceed legal standards.</p> <p>(2) The company participates in industry salary surveys every year to obtain market salary data for reference in adjusting employee salaries and benefits.</p> <p>(3) The company's job design adopts a job grading system, with equal pay for equal work regardless of gender, and rewards/promotions based on achievement of goals. As of 2023, the male-to-female ratio among all employees was 64:36, and among managers it was 78:22.</p> <p>(4) The articles of incorporation stipulate that if the Company has profits of the current, shall appropriate no less than 5% as employees' remuneration. In 2023, the remuneration paid to employees for 2022 amounted to NTD 5,926,217.</p>	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular	V		(1) The company has established safety and health-related regulations and provides safety training to newly hired.	The company has been implementing Sustainable Development Best

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
safety and health education for employees?			<p>employees upon their arrival. These regulations are continually implemented through internal website, announcements, email promotions, and other methods.</p> <p>(2) All office locations are equipped with card swiping and photo-taking access control, video surveillance, and security devices to ensure personnel safety.</p> <p>(3) The company conducts two self-defense and firefighting training sessions annually.</p> <p>(4) There were a total of 4 work-related accidents in the current year. The incidents were mainly traffic accidents that occurred during the commute to and from work. The number of incidents accounted for 1% of the total number of employees. We have enhanced preventive measures through awareness campaigns, such as the Defensive Driving Handbook and guidelines for car and motorcycle drivers to ensure their safety.</p>	Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
(4) Has the Company established effective career development training programs for employees?	V		The company provides a two-day training course for new employees. We have relevant training programs for the development of outstanding talents, which are carried out through supervisor OJT, internal training/external training, and exchanges with colleges and universities, as well as sending employees for external training.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The production of the company's products complies with the RoHS and WEEE regulations and has obtained IECQ QC080000 certification. The products are marketed worldwide, and their labeling and safety standards comply with the relevant electromagnetic communication and safety certifications in each country. The services also comply with local laws and regulations. To protect the customers' privacy, we have regulations in the "Employee Management Regulations" and "Code of Conduct for Colleagues," in addition to the contractual terms agreed	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.



Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			upon by both parties, and we provide education and training on this topic. The company has a dedicated customer service unit and a "0800" telephone hotline, and we have a webpage on our website that provides direct customer service, consultation, and complaint handling.	
(6) Has the company formulated supplier management relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>(1) The company evaluates the past negative records of environmental and occupational health and safety impact of potential suppliers before selecting them. According to the "New Supplier Development and Evaluation Regulations" of the company, the supplier must be evaluated item by item to become a qualified supplier, and thereafter, the supplier will be regularly assessed to determine whether to continue to cooperate with them.</p> <p>(2) The company has established a supplier management policy that requires suppliers to comply with the relevant policies of Corporate Social Responsibility, including but not limited to compliance with labor rights and human rights, occupational health and safety, environmental protection, and ethical corporate management principles practices, etc., in order to promote economic development, the balance of social and ecological environment and a sustainable future. The specific requirements are summarized as follows:</p> <p><b>A. Environmental Protection</b></p> <p>a. Foster a corporate culture of environmental sustainability by cherishing resources, promoting environmental protection and energy conservation policies and measures.</p> <p>b. Reduce emissions of pollutants, toxic substances,</p>	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>and waste, control noise, and properly handle waste in compliance with relevant laws and regulations to reduce the impact or harm to the natural environment.</p> <p>c. Reduce or eliminate waste in various forms in the manufacturing process, including but not limited to water and energy resources. Use energy-saving equipment, implement energy-saving measures, or achieve carbon reduction through recycling, reuse, and substitution measure.</p> <p>d. Manage the energy consumed by operational activities, adopt resource efficiency reduction and emission reduction measures, and reduce greenhouse gas emissions and energy consumption.</p> <p>e. Commit to complying with all applicable laws, international environmental regulations, and customer requirements regarding the prohibition or restriction of specific substances.</p> <p><b>B. Occupational health and safety</b> Provide employees with a safe and healthy working environment, comply with and meet relevant laws and regulations regarding occupational health and safety, reduce hazards and potential hazards in the work environment, and prevent occupational accidents from occurring.</p> <p><b>C. Labor Rights</b> a. Prevention of Underage Labor (only workers who</p>	

Evaluation Item	Implementation Status		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No		
			<p>are at least 16 years of age)</p> <p>b. We commit that all workers must be voluntary and not use any form of forced, promise salary policy must be complied with local laws. We provide remuneration according to national legal standard on minimum wage, provided all legally mandated benefits, protect working hours and reasonable time off. Workers' overtime hours are also paid in accordance with relevant laws and regulations.</p> <p>c. Stamping out the workplace sexual harassment, bullying and any form of discrimination.</p> <p>d. There is no discrimination in employment policies such as gender, race, age, marital and family status, etc. Fulfill labor rights protection and the equality of salary, hiring condition, training and promotion opportunity.</p> <p>e. We strictly abide by and ensure the policy and procedure of human rights in our operation and supply chain, we won't traffic persons or use any form of slave, forced, bonded, indentured, or prison labor, including forced labor, child labor, sex trafficking and workplace abuse.</p> <p>f. We respect that employees freely to associate with others, and negotiate, value labor relations and balance.</p> <p>(3) Implementation Status:</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
			<p>A. The company has established the "Supplier Evaluation Operating Procedure", which evaluates suppliers every six months based on their delivery time, yield rate, price, engineering, and environmental protection.</p> <p>B. In 2023, the Company evaluated the suppliers according to the above policy, and a total of one suppliers scored below satisfactory (60-79 points). After reviewing the reasons for the unsatisfactory scores, we provided guidance for improvement and tracked their progress.</p>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	Currently, the company's policies regarding social responsibility are outlined in the "Employee Management Regulations", "Code of Ethics" and "Code of Conduct" and are actively implemented. However, the company has not yet prepared a sustainability report.	Difference as below: The company is not required by law to prepare a sustainability report.
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>1. The company currently outlines its social responsibility and sustainable development policies in the "Employee Management Regulations," "Code of Ethics," and "Code of Conduct," and implements them. In Year 2023, there were no violations of these regulations.</p>				
<p>7. Other important information to facilitate better understanding of the company's promotion of sustainable development:</p> <p>1. The company strives to create a sustainable development environment, and has obtained the environmental certification of IECQ QC 080000 Hazardous Substance Process Management System. The latest certificate is valid from 2022/2/9~2025/2/8.</p> <p>2. This year, we introduced an environmental management system and obtained ISO 14001 certification. The certificate is valid from December 28, 2023 to December 27, 2026.</p>				

## 2. Implementation of Climate-Related Information

Item	Implementation status
<ol style="list-style-type: none"> <li>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</li> <li>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</li> <li>3. Describe the financial impact of extreme weather events and transformative actions.</li> <li>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</li> <li>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</li> <li>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</li> <li>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</li> <li>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</li> </ol>	<p>The information on the items on the left is summarized as follows:</p> <ol style="list-style-type: none"> <li>1. According to the “Sustainable Development Roadmap” published by the Financial Supervisory Commission for listed companies in March 2022, the Company falls into the category of companies with a paid-in capital of less than NTD 5 billion, and thus shall be subject to the GHG inventory and verification in the third stage, i.e. completing the inventory in 2026 and the verification in 2028. As for the subsidiaries within the Group, they must complete the inventory in 2027 and the verification in 2029. In 2024, we will start to carry out the Company’s GHG inventory and subsequent confirmation procedures in compliance with the reference guidelines and related regulations of the competent authority.</li> <li>2. The departments under the Company’s General Management Office will conduct the GHG inventory related to climate change according to their functions, and will submit the detailed implementation schedule of each plan item of the GHG inventory to the Board of Directors every quarter, formulate comprehensive inventory procedures, arrange supervision by the Board, and stay on top of the implementation progress of phased goals, plans, etc.</li> <li>3. Inevitably, climate change will bring considerable impacts and changes to the industrial supply chain and market sales conditions. In the short term, the Company implements internal resource saving and plans designs with lower carbon emissions. From a medium- and long-term perspective, the overall market might have to follow the trend of carbon pricing and carbon tax, and more importantly, since the Company’s products are sold overseas to Europe, the US and Japan, etc., attention should be paid to not only domestic laws and regulations but also the relevant regulations of other countries, so that R&amp;D, production and sales of our products can be adjusted accordingly. Hence, there is a possible increase in costs.</li> <li>4. The potential subsequent transformation or adjustment of products and industries resulting from climate change will be a subject to be considered and responded to in the Company’s future financial planning; continuous risk assessment and systematic management are required.</li> </ol>

**3.4.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
<p><b>1. Establishment of ethical corporate management policies and programs</b></p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	V		<p>(1) The company has established the " Ethical Corporate Management Best Practice Principles " and has revised it multiple times to implement it. The code and related regulations have been disclosed in internal regulations and the investor service section of the external website for the board of directors, management, and all employees to implement together.</p> <p>(2) The company has established regulations for employees in "Employee Management Regulations," "Employee Code of Conduct," "Code of Ethics," and "Gift-giving Regulations for Suppliers, Customers, and Partner Companies." The related regulations have also been published on the company's internal website for employees to consult. New employees are reminded of the company's business philosophy: upholding integrity, pursuing excellence, co-management, and sharing achievements through training. New employees also sign an agreement regarding the related rights, obligations, and intellectual property usage precautions to prevent any misconduct. Daily operations are monitored and enforced by managers and internal audit mechanisms.</p>	<p>The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The company has established regulations for "Employee Rewards and Disciplinary Review Procedures" and "Employee Feedback Handling Regulations" and regularly reviews their necessity. The company promotes and explains these regulations during new employee training sessions, requiring managers to implement them and lead by example. The related regulations are also posted on the internal website, and a complaint/reporting mailbox is available.	
<b>2. Ethical Management Practice</b> (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?  (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?  (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(1) The company assesses the integrity of business, environmental protection, labor safety, and other aspects of our suppliers, and individually requires the signing of a "Supplier Social Responsibility Commitment".	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
	V		(2) The responsible unit for promoting corporate integrity in our company is the General Manager's Office, and the Audit Unit and Human Resources Unit are responsible for supervising and implementing it. A report was presented during the November 6 board meeting of 2023, and no major violations of business integrity were found in the current year.	
	V		(3) The company has implemented relevant regulations such as the "Code of Conduct for Colleagues", "Code of Ethics", and "Regulations on Holiday Gifts for Suppliers, Customers, and Collaborating Manufacturers".	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) The company has established effective accounting and internal control systems, which are regularly audited by the internal audit unit. No major violations were found in the year 2023.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The company promotes its business philosophy of integrity in the new employee training program, which is a 2-hour course that all new employees are required to attend. Supervisors are also expected to lead by example and reinforce this philosophy at annual meetings and other relevant gatherings. Additionally, the company sends representatives to attend external seminars and conferences to ensure they stay up to date with relevant practices and procedures.	
<b>3. Implementation of Complaint Procedures</b>				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(1) The company has established a reporting system and convenient reporting channels on both internal and external websites, with a designated person responsible for receiving and tracking reports. When an investigation is completed or a judicial judgment is determined, rewards will be given based on the severity and contributions made.	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The company has established a reporting system, "Employee Feedback Handling Procedures," and "Employee Reward and Punishment Review Operating Procedures," which outlines the investigation and review process for handling	



Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		reports. The Human Resources Department is responsible for receiving reports and has a duty to keep any related information confidential.  (3) The company has established relevant confidentiality regulations and a recusal mechanism for personnel involved.	
<b>4. Strengthening Information Disclosure</b> Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		Our company has disclosed our integrity management related policies and procedures on our website, in the corporate governance section and on the Public Information Observation System. The access paths are as follows :  (1) Company website\ Investor services\ Corporate governance\ Articles of association and important internal control procedures\ Code of conduct for integrity management.  (2) Public Information Observation System\ Corporate governance\ Regulations and rules for establishing corporate governance. You can search using our stock code 3652:  The effectiveness of our efforts are as follows: We promote integrity management in our new employee training program, which is a 2-hour course that all new employees are required to attend. We also require our supervisors to lead by example and strengthen reminders during annual meetings and other relevant gatherings. We also send representatives to attend external advocacy and briefing meetings to ensure that we are aware of what we should do.	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.
	Yes	No	Summary Description	
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:None.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): None.				

### 3.4.7 Corporate Governance Guidelines and Regulations :

The Company has established various governance guidelines, such as the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best Practice Principles", "Rules of Procedure for Board of Directors Meetings", "Rules of Procedure for Shareholders' Meetings", "Rules Governing the Scope of Powers of Independent Directors", "Complaint Procedures". The above relevant regulations have been disclosed on the Company's website and they can be inquired under the "Corporate Governance" item of the Market Observation Post System.

### 3.4.8 Other Important Information Regarding Corporate Governance:

1. The company has established an "Internal Handling Procedure for Material Non-public Information" and announced it on the internal website for the reference and compliance of directors, executives, and employees.
2. The company has established a "Code of Conduct for Employees" as a basic standard for employees' behaviors towards the company, colleagues, customers, and suppliers, and announced it on the internal website for employees to consult and comply with.
3. Personnel related to financial transparency have obtained relevant licenses designated by the competent authority :

Department	Relevant Training Education
Two from Accounting Department	Professional certification for accounting and finance executives of publicly listed companies issued by the Accounting Research and Development Foundation Certified Public Accountant (CPA) license in the Republic of China (Taiwan)
One from Audit Office	Certified Internal Auditor (CIA) issued by The Institute of Internal Auditors (IIA) International Internal Auditor (IIA) issued by The Institute of Internal Auditors in Taiwan (IIA Taiwan)

### 4. Succession planning and operation of the board of directors:

The company currently has 11 board members (including 4 independent directors), and the election of directors adopts a comprehensive nomination system. The selection of directors depends on the company's future development needs and the consideration of diverse policies. As for independent directors, they must have work experience in business, law, finance, accounting or company operations in accordance with the law, which can help strengthen corporate governance. To enhance the functions of the board of directors, the company not only arranges appropriate continuing education courses for their

required abilities but also establishes a method for evaluating the performance of the board of directors to measure the efficiency of board operations and the performance of individual board members, as a reference for future independent director planning.

**5. Succession planning and operation of important management levels:**

The company's managers are crucial to business operations. They must possess excellent professional skills and personal integrity, and they must also identify with the company's management philosophy of "integrity, excellence, cooperation, and sharing." The company provides internal and external education and training programs and implements a job rotation mechanism to promote the passing down of skills. The company also has a regular performance evaluation system in place to identify outstanding talent at each level, and these individuals are considered as potential successors.

**6. The independent directors of our company oversee the execution of various operational plans and the expression of financial statements:**

- (1) The company notifies all directors of the meeting seven days in advance and provides sufficient information for the independent directors to review. If there are objections or reservations from the independent directors, they will be recorded in the minutes of the board meeting. In accordance with the "Rules Governing the Scope of Powers of Independent Directors" of our company, article 5.2.6 states that "the company or other members of the board shall not obstruct, refuse or evade the duties of independent directors. When independent directors consider it necessary to perform their duties, they may request the board to appoint relevant personnel or hire experts to assist. The necessary expenses incurred by hiring experts and other independent directors to exercise their powers shall be borne by the company." Our company fully assists independent directors in obtaining relevant information and resources necessary to perform their duties.**
- (2) our company highly respects and values the recommendations of independent directors. The management regularly presents operational reports and internal audit reports to the board of directors, and independent directors can gain in-depth understanding of recent financial and operational performance and make recommendations at any time. The annual financial report is also submitted to all directors for review prior to the board meeting, and the interim financial report is submitted to all directors for review after being audited by the accountant.**
- (3) The directors and management of our company, accountants and internal auditors hold regular meetings with smooth communication channels and**

**frequent interactions. When directors have questions, they first inquire by phone. When necessary or important issues arise, separate meetings are held to discuss and minutes are taken.**

### **3.4.9 Other Important Information Regarding Corporate Governance:**

#### **1. The Statemnet of the Internal Control System:**

**UNITECH ELECTRONICS CO., LTD**  
**Statemnet of the Internal Control System**

Date : March 11, 2024

Regarding the internal control system of the company for the Year 2023, we hereby declare the following based on the results of our self-inspection:

- 1. The company is aware that establishing, implementing, and maintaining an internal control system is the responsibility of the board of directors and management of our company, and we have already established such a system. Its purpose is to provide reasonable assurance for achieving the objectives of operational effectiveness and efficiency (including profitability, performance, and asset protection), reliable reporting, timely and transparent compliance with relevant regulations and laws, and following relevant regulations and laws.**
- 2. Internal control systems have inherent limitations, and no matter how well-designed they are, they can only provide reasonable assurance for achieving the above three objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, our company's internal control system has a self-supervision mechanism, and if any deficiencies are identified, we take corrective action.**
- 3. The company assesses the effectiveness of the internal control system based on the "Guidelines for Establishing the Internal Control System of Public Companies" (hereinafter referred to as the "Guidelines"). The Guidelines classify the internal control system into five components based on the management control process: 1. Control the Environment, 2. Risk Evaluation 3. Control Activities, 4. Information and Communication, and 5. Monitoring. Each component includes several items. Please refer to the Guidelines for the specific items.**
- 4. The company has used the above internal control system assessment items to evaluate the effectiveness of the design and implementation of our internal control system.**
- 5. Based on the above evaluation results, our company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, which includes understanding the degree of achieving operational effectiveness and efficiency objectives, reliable and timely reporting, and compliance with relevant regulations and laws, is designed and implemented effectively and can reasonably ensure the achievement of the above objectives opposing view, and all agreed with the content of this statement.**
- 6. This statement will become the main content of our company's annual report and public disclosure, and will be made public. Any false, concealed, or illegal information in the public disclosure will involve legal liabilities**

**under the Securities and Exchange Act, Articles 20, 32, 171, and 174.**

**7. This statement was approved by the board of directors of our company on March 11, 2024. Among the eleven directors present, no one held an opposing view, and all agreed with the content of this statement.**

**UNITECH ELECTRONICS CO., LTD**

**President: YEH JIA WEN**

**General Manager: HSU CHIH TA**

## 2. Disclosure of the auditor's review report:

As our company does not require the engagement of an accountant for the review of the internal control system, this provision is not applicable.

**3.4.10 The penalties imposed on the company or its internal personnel in the most recent year and the printing date of the annual report for violating the internal control system regulations: None.**

**3.4.11 Important resolutions of the shareholders' meeting and the board of directors as of the date of the annual report printing for the Recent year :**

### 1. Important Resolutions of the Shareholders' Meeting

Date	Major Resolutions	Review of Implementation Situation
2023.06.16	<ol style="list-style-type: none"><li>1. Ratified the business report, parent-only financial statements, and consolidated financial statements for 2022.</li><li>2. Ratified the proposal for the earnings distribution for 2022.</li><li>3. Approved the proposal for the partial amendment of the "Articles of Incorporation."</li><li>4. Completed the re-election of directors.</li></ol>	<ol style="list-style-type: none"><li>1. The proposal was approved as originally proposed after voting, with the number of voting rights in favor of the proposal occupying 97.71% of the total rights represented by the shareholders present at the time of voting.</li><li>2. For the cash dividends, the record date was July 19, 2023, and the distribution date was August 9, 2023. The cash dividends at NTD 0.67037265 per share, together with the employee remuneration of NTD 5,926,217 and director remuneration of NTD 2,370,487, were distributed on August 9, 2023 upon the resolution of the shareholders' meeting.</li><li>3. The proposal was approved as originally proposed with the number of voting rights in favor of the proposal occupying 96.66% of the total rights represented by the shareholders present at the time of voting, and has been further implemented.</li><li>4. The election has been completed; the list of directors elected is shown below: Directors: (1) Representative of Hi-Jet Incorporation: Yeh Chia Wen; voting rights received: 141,870,721. (2) Representative of Unitech Computer Co., Ltd.: Yeh Kuo Chuan; voting rights received: 103,323,484. (3) Representative of Unitech Computer Co., Ltd.: Chen Rong Huei; voting rights received: 77,339,688. (4) Representative of Unitech Computer Co., Ltd.: Lee Ying Sin; voting rights received: 56,367,817. (5) Representative of Hi-Jet Incorporation:</li></ol>



Date	Major Resolutions	Review of Implementation Situation	
	<p>5. Approved the proposal for the lifting of the non-compete restriction on new directors and their representatives.</p>	<p>Yeh Ming Han; voting rights received: 36,369,785.</p> <p>(6) Representative of Hi-Jet Incorporation: Yeh Bo Chun; voting rights received: 32,920,597.</p> <p>(7) Representative of Hi-Jet Incorporation: Wang Kuo Chang; voting rights received: 29,988,149.</p> <p>Independent directors:</p> <p>(1) Su Liang; voting rights received: 27,014,801.</p> <p>(2) Ching Hu Shih; voting rights received: 24,521,583.</p> <p>(3) Liu You Kuo; voting rights received: 22,115,839.</p> <p>(4) Ho Po Chung; voting rights received: 20,121,094.</p> <p>5. The proposal was approved as originally proposed with the number of voting rights in favor of the proposal occupying 97.48% of the total rights represented by the shareholders present at the time of voting, and has been further implemented.</p>	
		<p>Director</p>	<p>Company and title of the current position related to competitive behaviors</p>
		<p>HI-JET INCORPORATION Representative: Yeh, Chia-Wen</p>	<p>Chairman of Te Jia Investment Co., Ltd. Chairman of BIOFITY PHARMACEUTICALS INC. Chairman of Shiteh Organic Pharmaceutical Co., Ltd. Chairman of HI-JET INCORPORATION Chairman of Hen Hsuen Co., Ltd. Chairman of GLOBAL MOBILE INTERNET CO., LTD. Chairman of COTEK PHARMACEUTICAL INDUSTRY CO., LTD Chairman and strategy chief of Unitech Electronics Co., LTD. Chairman of GMI Technology Inc. Chairman of Te Tao Investment Co., Ltd. Director (juristic person representative) of Tzu Yuen Industrial Co., Ltd. Director of SmartBee Intelligence Company Ltd. Chairman of Rei Yin BIOTECH CO., LTD. Director of GW Electronics Company Limited</p>
		<p>HI-JET INCORPORATION Representative: Yeh,</p>	<p>Business specialist of IMS, Realtek Semiconductor Corp. Director (juristic person representative) of Unitech Co., Ltd. Director (juristic person</p>

Date	Major Resolutions	Review of Implementation Situation	
		Ming-Han	representative) of Shiteh Organic Pharmaceutical Co., Ltd. Chairman of Te Chia Investment Co., Ltd. Director of Hen Hsuen Co., Ltd.
		HI-JET INCORPORATION Representative: Yeh, Bo-Chun	Director (juristic person representative)/special assistant of chairman/chief of remuneration/ acting spokesperson of G.M.I. TECHNOLOGY INC. Director (juristic person representative) of Unitech Computer Co., Ltd. Supervisor of Shiteh Organic Pharmaceutical Co., Ltd.
		HI-JET INCORPORATION Representative: Wang, Kuo-Chang	General manager of v Te Jia Investment Co., Ltd. Director (juristic person representative) of GMI Technology Inc. Supervisor (Corporate Representative) of BIOFITY PHARMACEUTICALS INC.
		UNITECH COMPUTER CO., LTD. Representative: Yeh, Kuo-Chuan	Chairman and general manager of Unitech Computer Co., Ltd. Chairman (juristic person representative) of JINGHO COMPUTER CO. LTD. and Ching Yung Computer Co., Ltd. Chairman of Fu Jong International Investment Co., Ltd. Director of Orlando Engineering Co., Ltd. Supervisor of Pei Shang Mei Media Co., Ltd.
		UNITECH COMPUTER CO., LTD. Representative: Chen, Rong-Huei	Director of Unitech Computer Co., Ltd.
		UNITECH COMPUTER CO., LTD. Representative: Lee, Ying-Sin	General manager of Unitech Computer Co., Ltd. Vice chairman of Unitech Computer Co., Ltd.
		Independent Director	Company and title of the current position related to competitive behaviors
		Su, Liang	Chairman and general manager of MiTAC Information Technology Corp. Vice president and general manager of MiTAC Information Technology Corp. Director of EasyCard Co., Ltd. Supervisor of EasyCard Investment Holdings Co., Ltd. Director of Far Eastern Electronic Toll Collection Co, Ltd. Director of FETC INTERNATIONAL CO., LTD. Director of CECI ENGINEERING CONSULTANTS, INC. Independent director of Mao Bao Inc.

Date	Major Resolutions	Review of Implementation Situation	
			<p>Managing director of Institute for Information Industry  Director of MiTAC Holdings Corporation  Director of Mitac Hikari Corporation  Director of Mitac (Shanghai) Industrial Management Consulting Co., Ltd.  Chairman of Ho Li Investment Co., Ltd.  Director of Harbinger III Venture Capital Corp.  Director of Harbinger VI Venture Capital Corp.  Director of Harbinger VIII Venture Capital Corp.  Supervisor of Harbinger II Venture Capital Corp.  Chairman of GENERAL RESOURCES CO.  Chairman of MITAC INVESTMENT CHINA CO., LTD.  Chairman of Aidixun Investment Co., Ltd.  Chairman of MITAC INFORMATION HOLDINGS LIMITED  Chairman of MITAC INFORMATION TECHNOLOGY (SINGAPORE) PTE. LTD.</p>
		<p><b>Ching, Hu-Shih</b></p>	<p>Chairman of China Grain Products Research &amp; Development Institute  Chairman of Yi Feng Investment Co., Ltd.  Director (juristic person representative): Yi Feng Investment Co., Ltd.</p>
		<p><b>Liu, You-Kuo</b></p>	<p>Chairman and technical director of SoftArts Inc.</p>
		<p><b>Ho, Po-Chung</b></p>	<p>Technical director and consultant of Taipei Computer Association  Independent director of TERAWINS, INC.  Director of Knowledge Freeway Co., Ltd.</p>

## 2. Important Resolutions of the Board of Directors

Date	Major Resolutions	Implementation Situation
2023.01.17	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the Company's 2023 business plan.</li> <li>2. Resolved the proposal for the change of custodian for the endorsement/guarantee seal.</li> </ol>	This has been processed in accordance with the resolution.
2023.03.22	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the application for renewing financing facilities to meet the business needs.</li> <li>2. Resolved the proposal for the application for new derivative transaction limit to meet the business needs.</li> <li>3. Resolved the proposal for the Company's "effectiveness evaluation of internal control system" and "Statement on Internal Control System" for 2022.</li> <li>4. Resolved the proposal for the "performance bonus" for 2022 and the "annual salary adjustment" for 2023 for the Company's managerial officers.</li> <li>5. Resolved the proposal for the amount and distribution method of remuneration to employees and to directors for 2022.</li> <li>6. Resolved the proposal for the Company's business report, parent-only financial statements, and consolidated financial statements for 2022.</li> <li>7. Resolved the proposal for the Company's earnings distribution for 2022.</li> <li>8. Resolved the proposal for the appointment and remuneration of the Company's CPAs for 2023.</li> <li>9. Resolved the proposal for the partial amendment of the "Regulations on Related Party Transactions."</li> <li>10. Resolved the proposal for the amendment regarding the internal control system and internal audit system of the Company's "Non-transaction Cycle Control Procedures."</li> <li>11. Resolved the proposal for the appointment of the "chief corporate governance officer."</li> <li>12. Resolved the proposal for the re-election of directors.</li> <li>13. Resolved the proposal for the lifting of the non-compete restriction on new directors and their representatives.</li> <li>14. Resolved the proposal for matters on the convention of the 2023 annual shareholders' meeting.</li> </ol>	This has been processed in accordance with the resolution.
2023.05.05	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the application for renewing financing facilities to meet the business needs.</li> <li>2. Resolved the proposal for the Company's consolidated financial statements for Q1 2023 audited by CPAs.</li> <li>3. Resolved the proposal for the remuneration to the Company's "chief corporate governance officer."</li> <li>4. Resolved the proposal for the partial amendment of the "Articles of Incorporation."</li> </ol>	This has been processed in accordance with the resolution.

Date	Major Resolutions	Implementation Situation
	5. Resolved the proposal for the amendment to the agenda of the 2023 annual shareholders' meeting.	
2023.06.16	1. Discussed the proposal for the election of the Chairman from the elected directors of the current term.	This has been processed in accordance with the resolution.
2023.07.18	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the election of the Vice Chairman.</li> <li>2. Resolved the proposal for the partial amendment of the "Organization Rules of the Remuneration Committee."</li> <li>3. Resolved the proposal for the appointment of the Company's Remuneration Committee members.</li> </ol>	This has been processed in accordance with the resolution.
2023.08.04	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the Company's consolidated financial statements for Q2 2023.</li> <li>2. Resolved the proposal for the distribution of "employee remuneration" for the Company's managerial officers for 2022.</li> <li>3. Resolved the proposal for the application for renewing financing facilities to meet the business needs.</li> <li>4. Resolved the proposal for the application for renewing the derivative transaction limit to meet the business needs.</li> </ol>	This has been processed in accordance with the resolution.
2023.11.06	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the application for renewing financing facilities to meet the business needs.</li> <li>2. Resolved the proposal for the application for renewing derivative transaction limit to meet the business needs.</li> <li>3. Resolved the proposal for the amendment of the "Regulations on the Remuneration to Directors."</li> <li>4. Resolved the proposal for the Company's consolidated financial statements for Q3 2023.</li> <li>5. Resolved the proposal for the change of the Company's CPAs.</li> <li>6. Resolved the proposal for the formulation of the annual audit plan for 2024 for the Company and its subsidiaries.</li> </ol>	This has been processed in accordance with the resolution.
2024.01.17	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the Company's 2024 business plan.</li> <li>2. Resolved the proposal for the partial amendment of the "Corporate Governance Best Practice Principles."</li> </ol>	This has been processed in accordance with the resolution.
2024.03.11	<ol style="list-style-type: none"> <li>1. Resolved the proposal for the application for renewing financing facilities to meet the business needs.</li> <li>2. Resolved the proposal for the "performance bonus" for 2023 and the "annual salary adjustment" for 2024 for the Company's managerial officers.</li> <li>3. Resolved the proposal for the amendment of the "Regulations on the Remuneration to Directors."</li> <li>4. Resolved the proposal for the amount and distribution method of remuneration to employees and to directors for 2023.</li> </ol>	This has been processed in accordance with the resolution.

Date	Major Resolutions	Implementation Situation
	<p>5. Resolved the proposal for the Company’s “effectiveness evaluation of internal control system” and “Statement on Internal Control System” for 2023.</p> <p>6. Resolved the proposal for the Company’s business report, parent-only financial statements, and consolidated financial statements for 2023.</p> <p>7. Resolved the proposal for the Company’s earnings distribution for 2023.</p> <p>8. Resolved the proposal for the appointment and remuneration of the Company’s CPAs for 2024.</p> <p>9. Resolved the proposal for the process of prior approval and general policy regarding the non-assurance services provided by Ernst &amp; Young and its affiliates.</p> <p>10. Resolved the proposal for the partial amendment of the “Articles of Incorporation.”</p> <p>11. Resolved the proposal for matters on the convention of the 2024 annual shareholders’ meeting.</p>	
2024.05.06	<p>1. Resolved the proposal for the adjustment and extension of bank financing facilities to meet business needs.</p> <p>2. Resolved the proposal for the partial amendment of the “Rules of Procedure for Board of Directors Meetings.”</p> <p>3. Resolved the proposal for the Company’s consolidated financial statements for Q1 2024.</p> <p>4. Resolved the proposal for the partial amendment of the “Audit Committee Organization Regulations.”</p>	This has been processed in accordance with the resolution.

**3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.**

**3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.**

### 3.5 Information on CPA (External Auditor) Professional Fees

Unit: NT\$ thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young	KUO SHAO PIN	Jan 1, 2023 ~Dec 31, 2023	4,757	1,194	5,951	Unitech group master file, transfer pricing report, tax related consultation and compliance.
	YANG CHIH HUEI	Jan 1, 2023 ~Dec 31, 2023				

(1) The amount of non-audit fees paid to the CPA, CPA Firm and its Affiliates, and the content of non-audit Service :

It includes services such as Unitech group master file, transfer pricing report, tax related consultation and compliance.

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

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

### 3.6 Information on Replacement of CPAs

If there has replaced its CPA within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information :

#### 3.6.1 Information regarding the former CPAs

<b>Date of replacement</b>	<b>March 11, 2024</b>		
<b>Reason for replacement and explanation</b>	<b>Due to the need for internal rotation as required by relevant laws and regulations, the Company's CPAs were changed from Kuo Shao Pin and Yang Chih Hui to Hu Shen Chieh and Kuo Shao Pin starting from 2024.</b>		
<b>Describe whether the Company or the CPAs decided to terminate or discontinue the engagement</b>	<b>Parties</b>	<b>CPAs</b>	<b>The Company</b>
	<b>Circumstances</b>		
	<b>Terminated the engagement</b>	<b>N/A</b>	<b>N/A</b>
	<b>No longer accepting (continuing) the engagement</b>	<b>N/A</b>	<b>N/A</b>
<b>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</b>	<b>N/A</b>		
<b>Disagreement with the Company</b>	<b>Yes</b>	<b>—</b>	<b>Accounting principles or practices</b>
		<b>—</b>	<b>Disclosure of financial reports</b>
		<b>—</b>	<b>Audit scope or procedures</b>
		<b>—</b>	<b>Other</b>
		<b>—</b>	
	<b>No</b>	<b>V</b>	
	<b>Specify details</b> —		
<b>Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</b>	<b>None</b>		



### 3.6.2 Information Regarding the Successor CPAs

Name of accounting firm	Ernst & Young
Names of CPAs	HU, SHEN CHIEH, KUO SHAO PIN
Date of engagement	March 11, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	N/A
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	N/A

**3.6.3 The reply letter from the predecessor CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.**

**3.7 The Company's President, General managers, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year: None**

**3.8 Changes in the transfer of share ownership and stock pledge by directors, supervisors, managers, and shareholders who own more than 10% of shares during the most recent year and up to the publication date of the annual report :**

#### 3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Job Title	Name	2023		Current fiscal year as of April 20, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director (Note 1)	COTEK PHARMACEUTICAL INDUSTRY CO., LTD	0	0	0	0

Job Title	Name	2023		Current fiscal year as of April 20, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	HI-JET INCORPORATION	0	0	0	0
Director Representative /Strategy Chief Officer	YEH JIA WEN	0	0	0	0
Director Representative	YEH MING HAN	0	0	0	0
Director Representative	YEH BO CHUN	0	0	0	0
Director Representative	WANG KUO CHANG	0	0	0	0
Director/ Major Shareholder	UNITECH COMPUTER CO., LTD.	0	0	0	0
Director Representative	YEH KUO CHUAN	1,000,000	0	0	0
Director Representative	LEE YING SIN	0	0	0	0
Director Representative	CHEN RONG HUEI	(160,000)	0	0	0
Independent Director	SU LIANG	0	0	0	0
Independent Director	CHING HU SHIH	0	0	0	0
Independent Director	LIU YOU KUO	0	0	0	0
Independent Director	HO PO CHUNG	0	0	0	0
Company's General Manager	HSU CHIH TA	0	0	0	0
Senior Deputy General Manager	CHEN MENG YU	0	0	0	0
Deputy General Manager	LU KUANG HUNG	(85,363)	0	0	0
Associates (Note 2)	LIN YU YANG	(32,000)	0	0	0
Associates	TSAO KUO CHENG	(19,000)	0	0	0
Associates	CHOU SHENG YANG	(20,000)	0	0	0
Associates	LI MING HSUEH	(32,000)	0	0	0
Associates	YEH CHIH HAO	(15,430)	0	50,000	0
Associates	LIU CHIA YI	(10,000)	0	0	0
R&D Manager	HSU YUAN YING	(61,000)	0	0	0
Accounting Manager	CHANG CHIA LIN	(45,000)	0	0	0
Major Shareholder	G.M.I Technology Inc	0	0	0	9,559,000

Note 1 : Re-election of directors on June 16, 2023

Note 2 : Resignation on Dec 31, 2023

### 3.8.2 Information on Transfers of Shareholding

April 20, 2024

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	No. of shares	Transaction price
CHEN RONG HUEI	Gift Disposition	March 30, 2023	CHUO MEE YU	Spouse	160,000	28.25

### 3.8.3 Information on Pledges of Shareholding : None.

### 3.9 Relationships Among the Top 10 Shareholders

April 20, 2024 Unit : Shares

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
UNITECH COMPUTER CO., LTD	30,039,000	40.00%	0	0	0	0	FU RONG INVESTMENT Co. LTD	Same person in charge	N/A
Representative of UNITECH COMPUTER CO., LTD: YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A
Representative of UNITECH COMPUTER CO., LTD: LEE YING SIN	405,147	0.54%	36,526	0.05%	0	0	N/A	N/A	N/A
Representative of UNITECH COMPUTER CO., LTD: CHEN RONG HUEI	76,000	0.10%	174,000	0.23%	0	0	N/A	N/A	N/A
G.M.I TECHNOLOGY	9,559,000	12.73%	0	0	0	0	HI-JET INCORPORATION	Same person in charge	N/A
Representative of G.M.I TECHNOLOGY : YEH JIA WEN	0	0	0	0	0	0	YEH WEI YAN	Father-son	N/A
HI-JET INCORPORATION	3,657,726	4.87%	0	0	0	0	G.M.I TECHNOLOGY	Same person in charge	N/A
Representative of HI-JET INCORPORATION : YEH JIA WEN	0	0	0	0	0	0	YEH WEI YAN	Father-son	N/A
HUANG PEI FANG	1,649,000	2.20%	0	0	0	0	N/A	N/A	N/A
FAN ZHE RUEI	1,515,000	2.02%	0	0	0	0	N/A	N/A	N/A
JIA YUN INVESTMENT CO., LTD	1,342,783	1.79%	0	0	0	0	YEH WEI YAN	Person in charge	N/A
Representative of JIA YUN INVESTMENT CO., LTD : YEH WEI TING	180,000	0.24%	0	0	0	0	YEH JIA WEN	Father-son	N/A

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A
YEH ZHI HAO	1,000,000	1.33%	0	0	0	0	YEH KUO CHUAN	Father-son	N/A
PHANG CHIN	750,000	1.00%	0	0	0	0	N/A	N/A	N/A
FU RONG INVESTMENT Co. LTD	679,000	0.90%	0	0	0	0	UNITECH COMPUTER CO., LTD	Same person in charge	N/A
Representative of FU RONG INVESTMENT Co. LTD : YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A

### 3.10 The Combined Shareholdings and Percentage held by the Company, its Directors, Managers, and Directly or Indirectly Controlled Businesses in the same Invested Company

December 31, 2023 Unit: Shares: NT\$

Investee Enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Unitech America Ventures Inc.	10,000	100%	0	0	10,000	100%
Unitech America Holding Inc.	0	0	10,000	100%	10,000	100%
Unitech America Inc.	0	0	100,000	100%	100,000	100%
Unitech Europe Ventures Inc.	10,000	100%	0	0	10,000	100%
Unitech Europe Holding Inc.	0	0	10,000	100%	10,000	100%
Unique Technology Europe B.V.	0	0	135,948	100%	135,948	100%
Unitech Japan Holding Inc.	10,000	100%	0	0	10,000	100%
Unitech Japan Co., Ltd.	152	10.86%	1,198	85.57%	1,350	96.43%
Unitech Asia Ventures Inc.	16,056.83	100%	0	0	16,056.83	100%
Unitech Industries Holding Inc.	0	0	13,785.52	100%	13,785.52	100%
Xiamen Unitech Computer Co., Ltd.	-	0	USD3,419,200	100%	USD3,419,200	100%

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Sources of Capital :

##### 1. Capital formation process:

Unit: Shares ; NT\$

Year / Month	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital paid in by assets other than cash	Other
2008/01	10	60,000,000	600,000,000	40,000,000	400,000,000	Capital division and establishment of NT\$400 thousands	N/A	January 15, 2008 Letter of Authorization No.09731572980
2009/08	32.5	60,000,000	600,000,000	47,600,000	476,000,000	Capital Increases by NT\$76,000 thousands	N/A	September 16, 2009 Letter of Authorization No.09833070430
2013/03	10	60,000,000	600,000,000	46,629,000	466,290,000	Retirement of Treasury Stock NT\$9,710 thousands	N/A	March 8, 2013 Letter No. 1025014032 issued by the Economic Department of the Northern Regional Administration.
2014/04	21.45	60,000,000	600,000,000	46,711,000	467,110,000	Conversion of subscription rights into shares by NT\$820 thousands	N/A	April 18, 2014 Letter No. 1035142301 issued by the Economic Department of the Northern Regional Administration.
2014/08	21.45	60,000,000	600,000,000	46,735,000	467,350,000	Conversion of subscription rights into shares by NT\$240 thousands	N/A	August 25, 2014 Letter No. 1035174343 issued by the Economic Department of the Northern Regional Administration.
2014/12	17.83	60,000,000	600,000,000	46,748,000	467,480,000	Conversion of subscription rights into shares by NT\$130 thousands	N/A	December 2, 2014 Letter No. 1035198369 issued by the Economic Department of the Northern Regional Administration.
2015/02	21.07 17.83	60,000,000	600,000,000	46,766,500	467,665,000	Conversion of subscription rights into shares by NT\$185 thousands	N/A	February 11, 2015 Letter No. 1045128935 issued by the Economic Department of New Taipei City Government.
2015/04	17.83	60,000,000	600,000,000	46,769,000	467,690,000	Conversion of subscription rights into shares by NT\$25 thousands	N/A	April 20, 2015 Letter No. 1045142616 issued by the Economic Department of New Taipei City Government.
2015/09	17.83	60,000,000	600,000,000	46,796,000	467,960,000	Conversion of subscription rights into shares by NT\$270 thousands	N/A	September 8, 2015 Letter No. 1045178438 issued by the Economic Department of New Taipei City Government.

2016/11	19.38 16.39	60,000,000	600,000,000	46,871,500	468,715,000	Conversion of subscription rights into shares by NT\$755 thousands	N/A	November 25, 2016 Letter No. 1055327080 issued by the Economic Department of New Taipei City Government.
2017/02	19.38 16.39	60,000,000	600,000,000	47,052,000	470,520,000	Conversion of subscription rights into shares by NT\$1,805 thousands	N/A	February 9, 2017 Letter No. 1068007324 號 issued by the Economic Department of New Taipei City Government.
2017/04	16.39	60,000,000	600,000,000	47,075,000	470,750,000	Conversion of subscription rights into shares by NT\$230 thousands	N/A	April 12, 2017 Letter No. 1068022048 issued by the Economic Department of New Taipei City Government.
2017/12	15.83	60,000,000	600,000,000	47,097,500	470,975,000	Conversion of subscription rights into shares by NT\$225 thousands	N/A	December 1, 2017 Letter No. 1068076405 issued by the Economic Department of New Taipei City Government.
2021/12	21.00	90,000,000	900,000,000	75,097,500	750,975,000	Capital Increases by NT\$280 thousands	N/A	December 16, 2021 Letter of Authorization No.11001230420

## 2. Type of Shares:

Unit: Shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares (Note: listed stocks)	Unissued shares	Total	
Ordinary Shares	75,097,500	14,902,500	90,000,000	Including 10,000,000 shares of stock options for employees

## 3. Summary declaration system related information: The Company has no such situation.



#### 4.1.2 Shareholder Composition :

April 20, 2024 ; Unit :Person ; Shares

Shareholder composition Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	3	12	3,554	13	3,582
No. of shares held	0	137,000	46,001,646	28,075,623	883,231	75,097,500
Shareholding ratio	0.00%	0.18%	61.26%	37.38%	1.18%	100.00%

#### 4.1.3 Distribution of Shareholding :

April 20, 2024 ; Unit : Person ; Shares

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	512	61,498	0.08%
1,000 to 5,000	2,385	4,900,911	6.53%
5,001 to 10,000	308	2,457,814	3.27%
10,001 to 15,000	89	1,142,659	1.52%
15,001 to 20,000	82	1,523,992	2.03%
20,001 to 30,000	61	1,568,785	2.09%
30,001 to 40,000	32	1,133,417	1.51%
40,001 to 50,000	18	848,742	1.13%
50,001 to 100,000	48	3,363,194	4.48%
100,001 to 200,000	27	3,909,540	5.21%
200,001 to 400,000	9	2,493,166	3.32%
400,001 to 600,000	1	405,147	0.54%
600,001 to 800,000	2	1,429,000	1.90%
800,001 to 1,000,000	1	1,000,000	1.33%
1,000,001 or over	7	48,859,635	65.06%
<b>Total</b>	<b>3,582</b>	<b>75,097,500</b>	<b>100.00%</b>

#### 4.1.4 List of Major Shareholders:

Shareholders whose equity stake exceeds 5% or who are among the top ten shareholders in terms of equity stake: :

April 20, 2024 Unit : Shares

<b>Names of major shareholders</b>	<b>Shares</b>	<b>Shareholding (shares)</b>	<b>Shareholding (%)</b>
<b>UNITECH COMPUTER CO., LTD</b>		<b>30,039,000</b>	<b>40.00%</b>
<b>G.M.I TECHNOLOGY CO., LTD</b>		<b>9,559,000</b>	<b>12.73%</b>
<b>HI-JET INCORPORATION</b>		<b>3,657,726</b>	<b>4.87%</b>
<b>HUANG PEI FANG</b>		<b>1,649,000</b>	<b>2.20%</b>
<b>FAN ZHE WEI</b>		<b>1,515,000</b>	<b>2.02%</b>
<b>JIA YUN INVESTMENT CO., LTD</b>		<b>1,342,783</b>	<b>1.79%</b>
<b>YEH KUO CHUAN</b>		<b>1,097,126</b>	<b>1.46%</b>
<b>YEH ZHI HAO</b>		<b>1,000,000</b>	<b>1.33%</b>
<b>PHANG JIN</b>		<b>750,000</b>	<b>1.00%</b>
<b>FU RONG INVESTMENT Co. LTD</b>		<b>679,000</b>	<b>0.90%</b>

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share :

Item		Fiscal year			
		2022	2023	Current year to April 30, 2024 (Note 4)	
Market price per share	Highest	26.50	44.55	31.45	
	Lowest	20.00	22.20	27.55	
	Average	21.72	29.30	29.38	
Net worth per share (Note 1)	Before distribution	24.24	24.10	23.96	
	After distribution	23.56	23.75 (Note2)	(Note3)	
Earnings per share	Weighted average shares (shares)		75,097,500	75,097,500	75,097,500
	Earnings per share	Before adjustments	1.22	0.54	0.16
		After adjustments	1.22	0.54	0.16
Dividends per share	Cash dividends		0.67037265	0.34587754	—
	Stock dividends	Dividends from retained earnings	0.00	0.00	—
		Dividends from capital reserve	0.00	0.00	—
	Accumulated Undistributed Dividends		0.00	0.00	—
Return on investment analysis (Note 5)	Price/earnings ratio		17.80	54.26	—
	Price/dividend ratio		32.40	84.71	—
	Cash dividend yield		3.09%	1.18%	—

Note 1 : Please list based on the number of shares issued as of the end of the year and the number of shares distributed, as resolved by the Board of Directors or at the shareholders' meeting in the following year.

Note 2 : The cash dividend per share for 2023 was NTD 0.34587754, which was approved by the Board of Directors on March 11, 2024.

Note 3 : There is no relevant data available, as the year hasn't come to an end.

Note 4 : For the "Net asset value per share" and "Earnings per share" fields, provide the data as of the publication date of the annual report in the financial statements audited (reviewed) by CPAs in the most recent quarter. For the other fields, provide the data of the current year as of the publication date of the annual report.

Note 5 : The formulas used in this table are shown below:

(1) Price/earnings ratio = Average closing price per share in the current year / Earnings per share.

(2) Price/dividend ratio = Average closing price per share in the current year / Cash dividend per share.

(3) Cash dividend yield rate = Cash dividend per share / Average closing price per share in the current year.

#### 4.1.6 Dividend Policy and Implementation Status :

##### 1. Dividend Policy stipulated in the Articles of Association :

If the Company has profits of the current, shall appropriate no less than 5% as employees' remuneration, not more than 2% as directors' remuneration, employees' remuneration shall be paid in cash or shares approved by a resolution of the meeting of board of directors, the objective includes employees of subsidiary company met certain conditions, and certain conditions shall be set by the authorized board of directors.

However, when the Company has accumulated loss, shall reserve to recovery

amount in advanced, and appropriate employees' remuneration and directors' remuneration in accordance with the preceding proportion.

If the Company has earnings in final accounts, shall pay taxes first, recover loss of the past years, and designate 10% as legal reserve, and designate or reverse special surplus reserve in accordance with laws when it's necessary, the board of directors programmed to make an earnings distribution proposal for the rest and the accumulated undistributed earnings, and it shall be distributed after approved by a resolution of a shareholders' meeting.

For the distribution of the dividends, the authorized board of directors shall adopt a resolution by a majority vote of a meeting of the board of directors attended by two-thirds or more of all the directors, all or a part of dividend and bonus shall be distributed, and paid in cash, and it shall be reported to a shareholders' meeting; if it is made by the way of issuing new shares, shall be distributed after approved by a resolution of a shareholders' meeting.

The Company will consider its operating condition and growth, the needs in relation to capital and long term financial arrangement, and the satisfactions for the needs from shareholders regarding cash inflow to reserve not less than 30% of distributable earnings as shareholder's dividend each year. Shareholder's earnings distribution shall be paid in stock dividend or cash dividend, and distributed cash dividend shall not be less than 10% of total distributed dividends (sum of cash dividend and stock dividend) as principle, however, when total distributed dividend of the current year was less than NT\$3 per share, may all be paid in stock dividend.

**2. Situation of the proposed dividend distribution at the shareholders' meeting:**

(1) The Company's net profit after-tax after appropriating employees' compensation (5%) and Directors' compensation (2%) is NT\$ 40,612,519, and setting aside the 2023 re-measurement on defined benefit plan, setting aside the legal reserve (10%), and then adding reversal special reserve, and then adding beginning retained earnings, distributable retained earnings is NT\$ 86,581,794 and the proposed cash dividends to Shareholder's cash is NT\$ 25,974,539, at NT\$ 0.34587754 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. (Please refer to the earnings distribution table).

(2) In the event of any changes in the number of outstanding shares resulting from the buyback of the Company's shares, transferring treasury stocks to employee, conversion of convertible bonds, the exercise of employee stock

option or other reasons, the dividend ratio must be adjusted. It is proposed that the Board of Directors be authorized to adjust the dividend ratio and to proceed on the relevant matters.

(3) The cash dividends calculation shall be rounded down to the nearest one NTD (any amount below one NTD will be discarded), and the remaining fraction shall be adjusted and agree to distributed cash dividends.

**Note:** This proposal was approved by the board of directors on March 11, 2024, and is subject to approval by the shareholders' meeting.

**Unitech Electronics Co., LTD.  
Earnings Distribution Statement  
2023**

Unit: NT\$	
Item	Amount
Beginning retained earnings	50,343,310
Add: 2023 net profit after tax	40,612,519
Less: 2023 re-measurement on defined benefit plan	(1,046,842)
Less: 10% legal reserve	(3,956,568)
Add: reversal special reserve	629,375
<b>Distributable earnings</b>	<b>86,581,794</b>
<b>Distributable items:</b>	
Shareholder's dividends - cash dividends (at NT\$ 0.34587754 per share)	25,974,539
<b>Unappropriated retained earnings</b>	<b>60,607,255</b>

**4.1.7 The impact of the proposed stock dividend on the Company's business performance and earnings per share:**

As the Company distributed cash dividends in full this year, this does not apply.

#### **4.1.8 Compensation of Employees, Directors and Supervisors:**

- 1. The percentage or range of employee and director remuneration as stipulated in the company's articles of association :**

**According to Article 17 of the company's articles of association: " If the Company has profits of the current, shall appropriate no less than 5% as employees' remuneration, not more than 2% as directors' remuneration, employees' remuneration shall be paid in cash or shares approved by a resolution of the meeting of board of directors, the objective includes employees of subsidiary company met certain conditions, and certain conditions shall be set by the authorized board of directors. However, when the Company has accumulated loss, shall reserve to recovery amount in advanced, and appropriate employees' remuneration and directors' remuneration in accordance with the preceding proportion. If the Company has earnings in final accounts, shall pay taxes first, recover loss of the past years, and designate 10% as legal serve, and designate or reverse special surplus reserve in accordance with laws when it's necessary, the board of directors programmed to make an earnings distribution proposal for the rest and the accumulated undistributed earnings, and it shall be distributed after approved by a resolution of a shareholders' meeting."**

- 2. The accounting treatment for differences between the estimated and actual amounts of employee and director remuneration expenses for the current period, including the basis for estimating the amount of employee and director remuneration, the calculation basis for the number of shares of employee remuneration distributed in stock, and the accounting treatment when the actual distribution amount differs from the estimated amount :**

**The Company estimates employee and director remuneration in accordance with the regulations in the articles of association and based on past experience. If the actual distribution amount differs from the estimated amount, the adjustment will be accounted for in the year when approved by the shareholders' meeting.**

- 3. The board of directors approved the distribution of remuneration as follows:**

**(1)The amount of remuneration for employees and directors distributed in cash or stock. If there is a difference between the estimated amount of expenses recognized for the year and the actual amount of distribution, the difference, reasons and handling methods should be disclosed :**

**On March 11, 2024, the board of directors resolved to distribute employee cash remuneration of NTD 2,518,290 (without stock-based remuneration) and director remuneration of NTD 1,007,316. The above distribution amounts are the same as the expenses recognized by the audited financial statements for the year 2023.**

**(2)The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period:**

**Since no decision has been made to distribute employee stock-based remuneration, this does not apply.**

**4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year, including the number of shares, amount, and stock price, and any differences between the actual distribution and the recognized employee, director, and supervisor remuneration should be disclosed, along with the difference, reasons, and handling methods:  
The actual distribution of employee and director remuneration in the year 2022 is the same as the amount recognized.**

**4.1.9 Share repurchases by the company: The company have no such situation.**

**4.2 Issuance of Corporate Bonds. : The company have no such situation.**

**4.3 Issuance of Preferred Shares: The company have no such situation**

**4.4 Issuance of Global Depositary Receipts: The company have no such situation.**

**4.5 Issuance of Employee Stock Warrants :**

**4.5.1 Employee stock option certificate processing situation: The company does not have this situation.**

**4.5.2 As of the date of printing the annual report, the names of the top ten employees, who are managers and have acquired employee stock option certificates, and their acquisition and subscription status for the eligible number of shares: The company does not have this situation.**

**4.6 Issuance of New Restricted Employee Shares: The company have no such situation.**

**4.7 Issuance of any Merger and Acquisition Activities (including mergers, acquisitions, and demergers):The company have no such situation.**

**4.8 The Status of Implementation of Capital Allocation Plans :**

**As of March 31, 2024, the Company has not issued any securities that are incomplete or have not yet shown the expected benefits in the past three years.**

## V. Operational Highlights

### 5.1 Business Content

#### 5.1.1 Scope of Business

##### 1. Major areas of business operations

The company's main business is the research and development, design, and manufacturing of " Automatic Identification Data Capture Products" (AIDC products) which are marketed globally under our own brand, Unitech.

##### 2. Revenue Breakdown

Unit: NT \$ thousands

Major Products	2023	
	Amount	%
Industrial-grade rugged mobile computers	934,933	41.69%
Barcode Scanners	299,135	13.34%
Others	1,008,374	44.97%
Total	2,242,442	100.00%

##### 3. Major products(service) at present

The Company develops, designs and manufactures automatic identification data capture software/hardware products, which are sold through the overseas bases we have deployed and distribution partners around the world. Such products include military and industrial mobile computers, barcode scanners, RFID readers, access control security terminals, and relevant software. In the Taiwan market, the Company is also engaged in the agency business for barcode printers, and in the businesses of electronic labels, smart logistics automation/warehouse management solutions, and related accessories and consumables.

##### 4. New products(service) under development

The company continues to develop new generations of industrial-grade mobile computers, tablets, various RFID, iOS-compatible, DPM barcode readers and related hardware products using the latest technology. These products include wearable and long-distance data readers, hardware products with 3D recognition for data collection and software applications. The company has been increasing its software development capabilities every year and developing data collection AI applications, IoT system modules and vertical



industry-specific solutions, integrating software and hardware applications.

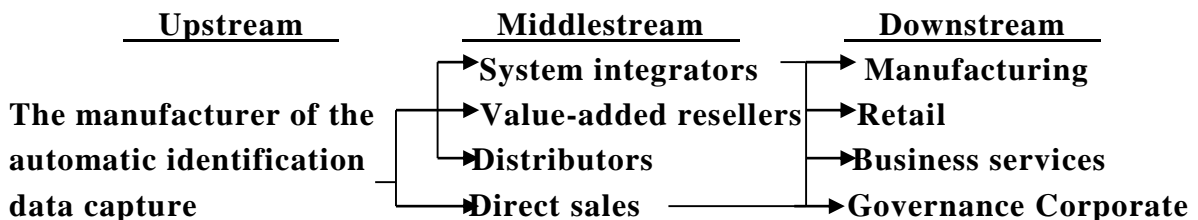
### 5.1.2 Industry Overview

#### 1. Current Status and Future Development of the Industry

The AIDC industry, due to the widespread use of the Internet and the availability of various wireless applications, has made automated data collection a tool for reducing costs, improving efficiency, refining business operations, and ensuring timely/effective supervision and control. There are various applications in this industry, such as smart logistics, smart manufacturing, smart retail, smart warehouse management, data collection for sea/land/air transportation and distribution, water/electricity/gas/parking management, meter reading, store checkout, order inventory, mobile business management, identity recognition, medical management, postal services, police administration, etc. The development potential of this industry is broad.

#### 2. Relationship with Up-, Middle- and Downstream Companies

The company plays the role of an upstream brand and manufacturer in the automatic identification data capture industry. The midstream mainly consists of system integrators, value-added resellers, distributors, and direct sales departments of some manufacturers. The midstream further provides downstream industries with application system development, system integration, technical support, maintenance services, storage and transportation, and other added value services to expand the market and reduce operational risks. In summary, through the professional cooperations among upstream, midstream, and downstream players, the overall efficiency of the information industry can be effectively improved. The industry's upstream, midstream, and downstream relationship diagram is shown below :



#### 3. Product Trends

Automatic Identification Data Capture Products have the characteristics of ruggedness, portability, wireless internet connectivity, and real-time data transmission. With the development of new-generation transmission and communication components and the maturity of applications such as speech and image recognition and artificial intelligence, there are various new

application possibilities in different industries. These related products are still in a stage of continuous evolution.

#### 4. Product Competition

Our “unitech” is one of the top 10 brands in the global industry of automatic data capture, and is ranked 8th in the field of small industrial mobile devices in the world. Based on our exceptional product designs, flexible manufacturing capabilities, competitive costs and comprehensive technical services, we are the rival to large manufacturers from Europe, the US and Japan. As for low-end and mid-end products, the price competition from emerging countries has been an issue to be dealt with in recent years.

#### 5.1.3 Research and Development

##### 1. The technological level of Research and Development of the business activities

Unit: NT\$ thousands

Year	2023	Q1 of 2024
R&D expenses	149,718	41,724
R&D Expenses to Revenue %	6.68%	7.92%

Product R&D is primarily focused on various industrial mobile computers, handheld devices, RFID technologies, barcode applications, system software in related fields, and application software in different industries required for data identification and capture. We integrate products and applications featuring the functions of barcode scanning, RFID reading, wireless transmission, 5G communication, positioning, etc.

The company's products have repeatedly won Taiwan Excellence Award, Germany's iF Product Design Award and other recognitions, and have established a good reputation in major markets such as the United States, Europe, Japan and Taiwan.

##### 2. Successful R&D technologies or products

- (1) RT112: 5G rugged industrial tablet, Android 13
- (2) EA660 : 5G rugged smartphone, Android 13
- (3) SL220 : Sled barcode scanner with Apple MFi certification
- (4) EA630P A13: 4G rugged smartphone with updated OS to Android 13
- (5) EA630P HDMI Cradle: workstation cradle for EA630P to support HDMI interface
- (6) ELauncher v2.0:Enterprise Android launcher with brand new user interface and support lock screen, Android notification and shortcut
- (7) Enterprise Keyboard v1.1: Keyboard wedge to support barcode scanning,

## RFID reading, text recognition and template design

- (8) ScanBridge v1.0: New scanner companion application on iOS and Windows platform

### 5.1.4 Long-term and Short-term Development

#### 1. Short term Development

- (1) Through strategic alliances and technical collaborations, we aim to understand the needs of customers for high/mid/low-end products in different regions.
- (2) Increase investment in market resources in South America and Asia-Pacific regions.
- (3) Enhance software development to integrate with hardware products, creating a competitive advantage.
- (4) Expand solutions such as smart manufacturing management.
- (5) Seizing the trend: Create business opportunities of investment and factory setup in line with the trend of MIT to expand our market share in Taiwan.

#### 2. Long term Development

- (1) In addition to existing end-user products, the company is actively investing in end-to-cloud connectivity technology to embrace the cloud and IoT industries, connecting them into an ecosystem.
- (2) The company aims to increase customer value by offering software, hardware products, and technical services, and acquiring more large-scale customers in different regions and industries to improve its global market position and market share of its own brand products.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### 1. Sales by Geographic Region

Unit: NT \$ thousands

Area \ Year		2022		2023	
		Amount	%	Amount	%
Domestic		1,215,498	51.72	1,217,955	54.31
Export	Asia	174,439	7.42	222,312	9.91
	America	548,822	23.35	420,926	18.77
	Europe	408,777	17.39	379,577	16.93
	Oceania	2,723	0.12	1,672	0.08
	Subtotal	1,134,761	48.28	1,024,487	45.69
Total		2,350,259	100.00	2,242,442	100.00

## **2. Market Share Analysis**

According to the latest data from VDC (Venture Development Corp.), the research company of the automatic data capture industry, the Company's ranking in the field of small industrial mobile computers rose from 9th to 8th in the world, with a market share of around 1.5%. If the scope is limited to the North American market only, the Company was ranked 5th place. As for our market share in Taiwan, despite the lack of objective statistics, the Company is supposed to be the manufacturer with the best market share.

## **3. Market Supply Demand and Growth Outlook**

According to research data from VDC Research, the sales of small handheld computers are projected to reach \$3.7 billion by 2025, with a compound annual growth rate of 6.6%. Geographically, the European and American regions remain the largest market, with the APAC market experiencing higher growth rates. The average unit price of the products is expected to decrease slightly each year.

## **4. Competitive Advantages**

### **(1) The marketing channels cover the world, fully grasping market trends.**

The company has established a complete global marketing network, with subsidiaries operating the "unitech" brand in major regions such as the United States, Europe, Japan, and China. Through local distributors to expand business, we can not only collect the latest local market and technology dynamics nearby but also provide customers with the timeliest technical and after-sales consulting services. Through a high degree of understanding of the market, we strengthen our competitive advantage to compete with international giants.

### **(2) The product line is complete, and the brand has global recognition.**

After more than 30 years of operation, the "unitech" brand has gained considerable global recognition and fully grasped market demand. With a complete product line, the company have gained recognition from major markets worldwide and have been adopted by many well-known multinational corporations, which has become a driving force for our company's operations.

### **(3) Professional software/hardware R&D team and complete product line development.**

The company has accumulated years of experience in the research and development of automatic data collection products, fully grasping key

technologies and establishing independent research and development capabilities. The hardware products we have launched can meet market needs, and we also have a full understanding of the application requirements and industry situations in various industries. The combination of relevant software and hardware developed by the company can accurately meet customer needs, thus establishing our company's position in the global data collection field. Therefore, our professional and experienced R&D team and complete product line are the biggest advantages that help our company maintain its competitive edge in the industry.

**(4) Abundant and excellent human resources.**

The company has long valued talent cultivation and harmonious labor relations, and the number of professional and senior managers we have trained is much more abundant than other peers. As the automatic data collection industry belongs to a niche market, professional and sensitive managers are needed to grasp market opportunities. The company's management and R&D personnel have long been committed to the field of industrial handheld computers and barcode scanners and have a deep understanding of the trends and environment of our business, especially through overseas subsidiaries. The Company has established a solid team in major global markets. Through abundant and highly stable professional managers, we have a considerable advantage in market expansion and competition.

**5. Favorable and Unfavorable Factors in the Long Term**

**(1) Favorable Factors**

**(A) The application areas of the product service offered by the company are constantly expanding.**

The company's product service can greatly enhance productivity in various industries, and effectively improve the level of customer service. With the rise of new types of smart manufacturing, various types of automation and unmanned services, online consumption, and precise logistics and distribution needs, the product service provided by the company is crucial. With the maturity of wireless communication technology, entering the 5G era, mature technologies such as voice recognition, 3D recognition, text recognition, biometric recognition, RFID, digital photography, etc. have made the application of product services increasingly diverse. Therefore, the application scenarios and functions of automatic data collection products continue to expand, and it is estimated that it will bring positive benefits to the company's future business expansion.

**(B) The automatic data collection industry is a kind of niche market, and new entrants need to have a certain level of high threshold. Due to the characteristics of the product being relatively small and diverse, and can**

be customized according to customer needs, it is necessary to fully understand user needs and pay full attention to industry development trends in this industry to design products that meet market requirements in terms of functionality and specifications. In addition, the products need to be durable and reliable, the price is not the most important factor in industry competition, but rather depends on product quality and the ability to provide technical services to customers, making it difficult for short-term competitors to enter.

- (C) The company has the advantage of R&D and production in Taiwan, and can grasp and respond to market demand changes, global trade wars, and supply chain block shifts in real-time.

**(2) Unfavorable Factors**

- (A) The small and diverse product line and the shorter product life cycle have increased operational risks.

**Strategies:**

- (a) The R&D department of the company will strengthen the compatibility and substitutability with the specifications of existing products in the design of new products, thereby increasing the commonality of maintenance parts and reducing the reserve of future parts.
- (b) The company will cautiously estimate the sales volume and adopt flexible production management combining order production and planned production through regular production and sales meetings to shorten the production and sales time and increase inventory turnover.
- (c) Maintain good relationships with multiple suppliers to ensure the stability of the supply source and effectively control inventory idle situations by increasing the order frequency and reducing inventory levels.

- (B) Some scenarios are used in indoor environments or have low frequency of use, and such markets are being eroded by consumer smartphones and tablets.

**Strategies:**

- (a) The company will continue to reduce costs by expanding the scale and increasing the commonality of parts.
- (b) The Company develops products and applications with RFID reading function to meet customer needs that cannot be satisfied by general consumer smartphones and tablets.

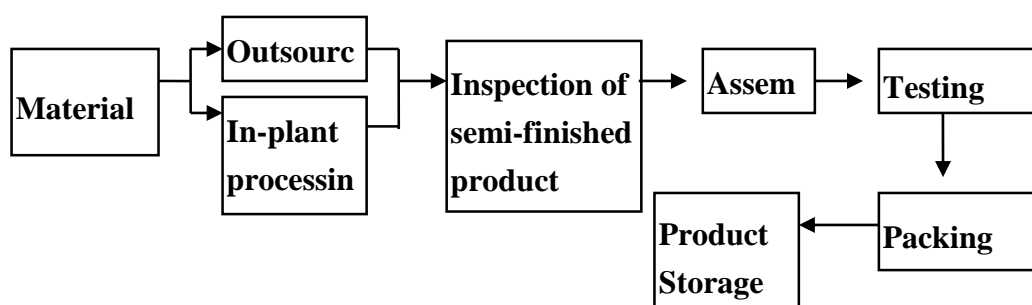
## 5.2.2 Important Uses and Production Procedures of Main Products:

### 1. Important applications of main products

Major Product / Service	Applications
Automatic Identification Data Capture Products mainly include automatic Identification data collection devices, barcode scanning devices, barcode printing devices, etc.	The Company provide products and services for data collection across various industries, such as warehouse inventory management, order picking, production line data collection, access control, courier/transportation management, meter reading, healthcare, security, and other applications. We also offer various barcode printing products.

### 2. The Production Processes

#### Production process of automatic identification data collection products



## 5.2.3 Supply Status of the Main Materials

Type of material	Supplier	Status
Barcode Scan Engine	Zebra, Honeywell, NewLand	Well
LCD Module	Co-True,BITLAND	Well
Camera Module	Jin Sheng Xin	Well
CPU	PCT,Avent	Well
IC,etc.	ECS, PCT, Arrow, WT Microelectronics	Well
Battery	Atemitech,HELIX,TP power	Well
ME parts	Netvox, KINGBRAND, Liming, Greatper	Well

All types of raw materials required by the company are market-standard products or parts made from the own molds. We have long-term and stable cooperative relationships with all suppliers.

## 5.2.4 Major Suppliers and Customers

### 1. Suppliers Who Account for More than 10% of Annual Consolidated Net Purchase Amount for Last 2 Years:

Unit:NT\$ thousands; %

Item	2022				2023				As of Q1 of 2024			
	Company Name	Amount	Percentage of net purchase (%)	Relation with Unitech	Company Name	Amount	Percentage of net purchase (%)	Relation with Unitech	Company Name	Amount	Percentage of net purchase (%)	Relation with Unitech
1	-	-	-	-	Company A	149,317	11.52	None	Company A	41,174	12.21	None
	Others	1,453,335	100.00	None	Others	1,147,241	88.48	None	Others	296,138	87.79	None
	Net Purchase	1,453,335	100.00	-	Net Purchase	1,296,558	100.00	-	Net Purchase	337,312	100.00	-

Reasons in changes of increase and decrease :

The company's main purchase items are the purchase of parts required for production and outsourced products. And there were no significant changes in the year 2023.

### 2. Customers Who Account for More than 10% of Annual Consolidated Operating Revenue for Last 2 Years:

Unit: NT\$ thousands; %

Item	2022				2023				As of Q1 of 2024			
	Company Name	Amount	Percentage of the Operating Revenue (%)	Relation with Unitech	Company Name	Amount	Percentage of the Operating Revenue (%)	Relation with Unitech	Company Name	Amount	Percentage of the Operating Revenue (%)	Relation with Unitech
1	Others	2,350,259	100.00	None	Others	2,242,442	100.00	None	Others	526,840	100.00	None
	Operating Revenue	2,350,259	100.00	-	Operating Revenue	2,242,442	100.00	-	Operating Revenue	526,840	100.00	-

Reasons for change :

It is mainly attributed to the sales of automatic identification data capture products, and there were no significant changes in 2023.



### 5.2.5 Production Volume and Value in the Last Two Years:

Unit : PCS, NT\$ thousands

Output Major Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Industrial-grade rugged mobile computers		70,860	66,689	622,718	79,545	55,382	638,917
Barcode Scanners		39,900	40,390	119,242	37,900	25,909	106,506
Others		4,500	3,728	81,219	2,500	2,361	65,315
<b>Total</b>		<b>115,260</b>	<b>110,807</b>	<b>823,179</b>	<b>119,945</b>	<b>83,652</b>	<b>810,738</b>

Note: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays. And the production capacity of each product line is substitutable and can be outsourced when necessary.

### 5.2.6 Sales Volume and Value in the Last Two Years

Unit : PCS, NT\$ thousands

Shipments and Sales Major products	Year	2022				2023			
		Local		Export		Local		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Industrial-grade rugged mobile computers		18,847	243,076	51,718	644,303	16,398	234,521	54,925	700,412
Barcode Scanners		30,196	117,111	93,133	232,637	23,579	102,647	84,124	196,488
Others		-	855,311	-	257,821	-	880,787	-	127,587
<b>Total</b>		-	<b>1,215,498</b>	-	<b>1,134,761</b>	-	<b>1,217,955</b>	-	<b>1,024,487</b>

Note: The sales volume of the main products is mainly based on the mainframe.

### 5.3 The number of employees, average service years, average age, and educational distribution ratio of employees in the past two years and up to the publication date of the annual report

Year		2021	2022	As of annual report
Number of Employees	Direct	28	28	32
	Indirect	362	373	388
	Total	390	401	420
Average Age		40.4	39.94	40.9
Average Years of Service		10.2	9.9	9.95
Education distribution percentage (%)	Ph.D.	0.34%	0.31%	0.30%
	Masters	20.95%	20.69%	18.69%
	Bachelor's Degree	70.26%	68.03%	70.62%
	Senior High School	8.45%	10.97%	10.09%
	Below Senior High School	0.00%	0.00%	0.30%

## **5.4 Environmental Protection Expenditure**

**Regarding losses suffered due to environmental pollution and disclosure of estimated amounts and response measures that may occur currently and in the future for the most recent fiscal year and up to the date of printing of the annual report :**

**As our manufacturing process involves assembly, there have been no incidents of environmental pollution. Additionally, we have obtained certification for IECQ QC080000 (Process Management for Electronics and Electrical Components and Products) certification and ISO-14001 Environmental Management System Certification.**

## **5.5 Labor Relations**

**5.5.1 The employee's welfare includes, continuing education and training, retirement system, and their execution status, as well as the agreements and measures to protect the rights and interests of employees between labor and management:**

### **1. Benefits Package**

**The company has always upheld the philosophy of respecting humanity and caring for our employees. In order to fully take care of our colleagues and protect their livelihoods, so that they can serve the company without worries, our current benefits package includes labor insurance and national health insurance, group insurance (including accident insurance (5-15 million), life insurance (1-3.5 million), disease and medical care, accident medical care, cancer prevention medical care, etc.), annual health checks for all employees, marriage subsidies for employees, and funeral expenses (for themselves and immediate family members). The Company also have an Employee Welfare Committee that provides subsidies for employee travel expenses, departmental activities, various clubs, and activities that promote physical and mental health. Currently, there are 10 clubs (such as hiking, cycling, basketball, etc.) within the company (group enterprise) that employees can freely choose to participate in.**

### **2. Education and Training**

**The company has established a comprehensive training system, equipped with training venues, and established an e-learning website. We have planned professional training courses for new employees, various business and functional personnel, and have arranged for internal senior lecturers, external consultants, domestic and foreign business partners, or universities and colleges to conduct classified and tiered training. Course content includes: business**

training courses, project management courses, pre-launch training for new products, new product testing training, quality management courses, and external EMBA courses at universities. We hope to have professional and excellent employees, develop excellent products, and provide the best service to customers. This year, approximately 244 people participated in various training courses, and the training cost was approximately NTD 590 thousands.

### **3. Retirement System**

The company's retirement benefits are based on the Labor Pension Act and adopt the defined contribution system, with 6% of employees' salaries being contributed each month. In addition, in accordance with the Labor Standards Act and relevant regulations, an actuary is commissioned to conduct an actuarial evaluation. After being approved by the New Taipei City Government, 2% of the total salary that should be paid each month is deposited into the Taiwan Bank Retirement Fund account in the name of the Labor Retirement Pension Supervisory Committee. The retirement conditions for colleagues are in accordance with the Labor Standards Act.

### **4. Agreement between labor and management**

The achievement of the company's business objectives relies on the commitment and dedication of employees, and employees can only fully utilize their expertise with the support of management. Therefore, the harmony of labor-management relations has always been highly valued by the company. The company has always adopted a candid and open attitude towards employees, and all policies related to salary, bonuses, benefits, training, etc. are designed to help employees achieve their personal goals. The company also holds regular labor-management meetings, widely collects employee opinions, fully communicates, and consolidates consensus between labor and management to improve labor-management relations. As a result, there have been no labor disputes or other similar incidents at the company.

### **5. Measures to protect employee's right**

The company treats employees with integrity and protects their rights in accordance with relevant laws and regulations such as the Labor Standards Act. The company values employee welfare and has established an employee welfare committee. In order to enhance the professional skills and management knowledge of employees, the company regularly organizes on-the-job training, reading clubs, etc. The company respects gender equality in the workplace and has formulated comprehensive "Sexual Harassment Prevention Measures, Complaints, and Disciplinary Regulations," as well as established channels for

handling complaints. The company strictly complies with the "Occupational Safety and Health Act," providing employees with fire, emergency, and safety training, and standardizing equipment maintenance to ensure workplace safety. The company has also established an online platform for employee complaints, with dedicated personnel to handle employee complaints and protect employee rights. At the same time, the company has hired a full-time nurse to provide employees with health consultations, environmental safety guidance, improvement, and tracking of employees' health status, in order to reduce the risk of occupational accidents or diseases.

#### **6. Working environment and personal safety**

The company places great emphasis on safety and is generally not in a highly hazardous industry. The company has implemented a labor safety and health management system, established regulations, and provided education and training to employees. The company has dedicated personnel to regularly inspect the fire, alarm, and emergency power systems in offices and factories, and conducts explanation and disaster prevention drills for all employees in batches and regularly. All offices and factories are also covered by public accident insurance for personnel. The company has video surveillance systems for personnel entering and leaving all offices and factories, and adopts access control using swipe cards, as well as a security system to protect employee personal safety. There were no related accidents during the current year.

#### **7. Employee Code of Conduct**

The company has established various regulations related to employee behavior and ethics, and has communicated the relevant codes of conduct, rights, and obligations to all employees. The "Employee Code of Conduct," "Code of Ethics," "Integrity Management Guidelines," "Gift-Giving Guidelines for Suppliers, Customers, and Collaborators during Holidays," and "Personal Information Protection Management Regulations" can be found on the company's governance section of the website. Through the implementation by responsible units, there have been no major violations of the regulations by employees this year.

- (1) Employee Code of Conduct:** to illustrate the company's core values and principles, and provide employees with behavioral norms for interactions with colleagues, customers, and partners.
- (2) Employee Management Regulations:** to regulate employee attendance, rewards and punishments, leave, overtime, etc.
- (3) New Employee Counseling Regulations.**
- (4) Regulations for Acting on Behalf of Colleagues.**

- (5) Document Signature Authority Management Regulations.
- (6) Performance Evaluation Regulations.
- (7) Regulations for Selecting Outstanding Employees.
- (8) Measures for Preventing and Dealing with Sexual Harassment, Complaints, and Disciplinary Actions.
- (9) Code of Ethics.
- (10) Ethical Corporate Management Best Practice Principles.
- (11) Gift-Giving Guidelines for Suppliers, Customers, and Collaborators during Holidays.
- (12) Personal Information Protection Management Regulations.
- (13) Complaint Procedures.

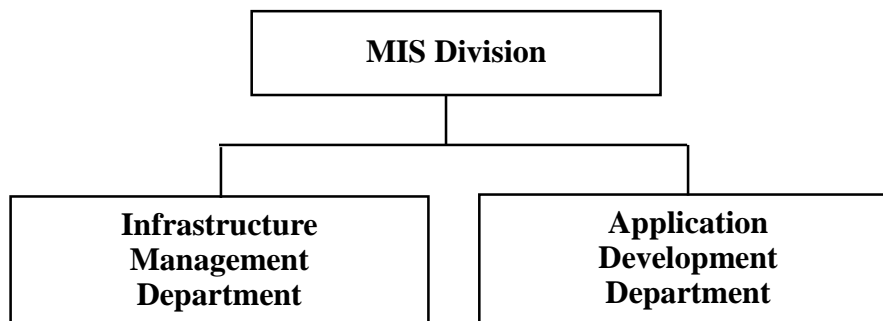
5.5.2 The latest annual report up until the date of printing, the company has disclosed any losses incurred due to labor disputes and has provided an estimate of the current and potential future losses along with measures taken to address the issue. If an estimate cannot be reasonably determined, the report should explain the reasons for the inability to provide an estimate:None.

## 5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Framework, Cyber Security Policies, Concrete Management Programs, and Investments in Resources for Cyber Security Management:

### 1. Cyber Security Risk Management Framework

The responsible unit for cyber security of the company is MIS Division, which is responsible for the planning, execution and management of cyber security-related work, promotes cyber security awareness, and reports directly to the general manager. Its structure is as follows:



**Main Duty :**  
 Integrated planning of information infrastructure and information security maintenance

**Main Duty :**  
 Responsible for the planning, introduction, maintenance, development and promotion of ERP-related applications, applying new technologies to continuously improve the efficiency of information assets

## **2. Cyber Security Policies**

To effectively implement the information security management system and ensure the security of data, systems, equipment, and networks, the company has established computer software and hardware management regulations, system host management regulations, and information security-related evaluation methods for information application. These regulations serve as guidelines for the execution, evaluation, and auditing of information security management work to ensure the sustainable operation, integrity, validity, availability, and security of the information systems of this company, and to ensure compliance with relevant laws and regulations related to information security.

## **3. Concrete Management Programs, and Investments in Resources for Cyber Security Management**

The Company has established the “System Management Department” (consisting of four employees) and the “Application Development Department” (consisting of five employees) under the MIS Division. In 2023, a chief cyber security officer and a cyber security officer were appointed. Currently, the Company does not take out cyber security insurance, but has cyber security policies in place which are reviewed annually.

The following are explanations of various cyber security policies and specific management plans:

### **(1) Cyber Security Management Policies**

To ensure the information security of the company, an assessment is conducted annually based on the Information Security Audit Checklist, which covers topics such as information security policies, organizational security, asset classification and control, personnel security, physical and environmental security, communication and operation management, access control, system development and maintenance, operational continuity management, and compliance with relevant laws and regulations. The audit unit will also conduct random checks.

### **(2) Concrete Management Programs**

**A. Data Center and Power Management:** Access to the data center is controlled, environmental monitoring is conducted, and the uninterrupted power supply system is regularly tested.

**B. Host Management:** A backup structure that incorporates virtualization, fault tolerance, and migration is implemented to prevent the impact of failures. Full data backups are performed regularly, and off-site storage is implemented. Clear management standards are established, and recovery drills are conducted regularly in accordance with the standards.

- C. Network Management:** Internal protective mechanisms are established, VPN control and usage notifications are implemented, and corresponding backup devices are planned for all major equipment to reduce the impact of failures. Additionally, certified network attack protection, spam filtering, and email virus filtering protection services are rented (provided by Chunghwa Telecom's Cyber Security Fleet) for dual protection.
- D. Computer Control:** A computer asset management system is implemented to control all computers in the company in real-time, monitor computer changes, ensure the legal use of computer software, enforce the use of protective software, and dispose of retired computers properly.
- E. Account Control:** Permission to use all systems requires application and approval, and the permissions of personnel who leave or change positions are reviewed. Personnel permissions are reviewed annually.
- F. System Development:** Clear operational procedures and standards are established for operation permissions, access management, functional changes, problem resolution, etc/
- G. Education and Promotion:** Information security awareness is promoted during normal operations, and new employee training on information security awareness is conducted regularly. Additionally, high-risk information is periodically announced to remind employees to strengthen their information security awareness.
- H. Organizational Management:** A dedicated information management department and personnel are established, and the highest executive officer is regularly reported on the implementation and operation status.

**(3) Investments in Resources for Cyber Security Management**

Cyber security has become an important issue in relation to corporate operations. The corresponding cyber security management matters and resources invested are as follows:

- A. Dedicated manpower:** There is a dedicated Cyber Security Management Committee (two members in the system team, four members in the cyber security team, and two members in the administration team) to be responsible for devising cyber security policies, supervising the implementation of cyber security plans, managing and reviewing cyber security-related matters, and coordinating communication activities.
- B. Certification:** The Company has passed ISO27001 information security certification. No major deficiencies were found in relevant cyber security audits.
- C. Customer satisfaction:** There were neither major cyber security incidents nor complaints about the loss of customer data.
- D. Education and training:** The “cyber security policies” and “information application and security instructions” are disseminated to new employees during their training to ensure their awareness. Also, each new employee

signs the “Letter of Commitment on Cyber Security Confidentiality and Legal Use of Information Systems” on the day of arrival. In addition, a social engineering phishing email test is performed at least once a year.

**E. Cyber security announcement:** In 2023, a total of 15 cyber security announcements were made to communicate important regulations and precautions regarding cyber security protection.

**4. The Company introduced the ISO 27001 information security management system in 2023 and obtained a third-party verification. The current certificate is valid from August 14, 2023 to October 31, 2025. With the introduction of the ISO 27001 information security management system, the Company increases the capability of responding to cyber security incidents to protect the asset security of the company and customers.**

**5. So far, the company has not experienced any major cyber security incidents.**

**5.6.2 Losses, potential impacts and measures taken in response to significant cybersecurity incidents suffered during the current and previous years up to the date of publication of the report:**

**The company has not suffered any losses due to significant cybersecurity incidents.**

## **5.7 Important Contract**

<b>Agreement</b>	<b>Counterparty</b>	<b>Contract Period</b>	<b>Major Content</b>	<b>Restrictions</b>
<b>Product Technical Standards</b>	<b>Google</b>	<b>October 2019 ~ End of product life cycle</b>	<b>Android Enterprise Recommended Device Program Terms</b>	<b>--</b>
<b>Product Strategy Cooperation</b>	<b>Apple</b>	<b>Begin from April 2021</b>	<b>MFi License</b>	<b>--</b>
<b>Product Strategy Cooperation</b>	<b>Google</b>	<b>November 2023~ October 2024</b>	<b>ENTERPRISE DEVICES LICENSE AGREEMENT (EDLA)</b>	<b>--</b>



## VI. Financial Information

### 6. 1 Condensed Balance Sheet and Statement of Comprehensive Income for the Most Recent Five Fiscal Years

#### 6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income - Based on IFRS

##### 1. Condensed Balance Sheet and Statement of Comprehensive Income -Consolidated Financial Statement

#### Condensed Balance Sheet

Unit: NT\$ thousands

Item	Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2024, of the current year (Note 3)
		2019	2020	2021	2022	2023	
Current Assets		1,164,866	1,111,842	1,778,816	1,920,808	1,794,128	1,813,924
Property, Plant and Equipment		357,381	349,125	355,394	362,863	354,273	349,448
Intangible Assets		41,065	38,338	32,396	23,503	32,616	32,765
Other Assets		164,785	182,290	151,527	193,694	195,677	187,819
Total Assets		1,728,097	1,681,595	2,318,133	2,500,868	2,376,694	2,383,956
Current Liabilities	Before Distribution	540,293	499,634	488,944	541,418	458,796	480,924
	After Distribution (Note 2)	546,889	506,842	520,102	591,761	484,771	(Note 4)
Non-Current Liabilities		86,510	78,206	86,029	137,518	105,990	101,696
Current Liabilities	Before Distribution	626,803	577,840	574,973	678,936	564,786	582,620
	After Distribution (Note 2)	633,399	585,048	606,131	729,279	590,761	(Note 4)
Equity attributable to owners of the parent		1,099,779	1,102,031	1,741,285	1,820,014	1,809,865	1,799,240
Common Stock		470,975	470,975	750,975	750,975	750,975	750,975
Capital Surplus	Before Distribution	604,986	604,986	935,226	935,226	935,226	935,226

	<b>After Distribution</b>	<b>604,986</b>	<b>604,986</b>	<b>935,226</b>	<b>935,226</b>	<b>935,226</b>	<b>(Note 4)</b>
<b>Retained Earnings</b>	<b>Before Distribution</b>	<b>42,874</b>	<b>52,676</b>	<b>96,109</b>	<b>156,955</b>	<b>146,177</b>	<b>132,089</b>
	<b>After Distribution (Note 2)</b>	<b>36,278</b>	<b>45,468</b>	<b>64,951</b>	<b>106,612</b>	<b>120,202</b>	<b>(Note 4)</b>
<b>Other Equity</b>		<b>(19,056)</b>	<b>(26,606)</b>	<b>(41,025)</b>	<b>(23,142)</b>	<b>(22,513)</b>	<b>(19,050)</b>
<b>Treasury shares</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-controlling interests</b>		<b>1,515</b>	<b>1,724</b>	<b>1,875</b>	<b>1,918</b>	<b>2,043</b>	<b>2,096</b>
<b>Total equity</b>	<b>Before Distribution</b>	<b>1,101,294</b>	<b>1,103,755</b>	<b>1,743,160</b>	<b>1,821,932</b>	<b>1,811,908</b>	<b>1,801,336</b>
	<b>After Distribution (Note 2)</b>	<b>1,094,698</b>	<b>1,096,547</b>	<b>1,712,002</b>	<b>1,771,589</b>	<b>1,785,933</b>	<b>(Note 4)</b>

**Note 1: The financial information for the most recent 5 year has been audited by independent auditors.**

**Note 2: The figures after distribution are based on the resolution reached by the Board of Directors or during the shareholders' meeting in the following year.**

**Note 3: The financial information of the Company as of March 31, 2024 has been reviewed by independent auditors.**

**Note 4: Pending for BOD resolution**

## Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Fiscal year  Item	Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2024, of the current year (Note 2)
	2019	2020	2021	2022	2023	
Operating Revenue	2,078,229	1,997,606	2,356,165	2,350,259	2,242,442	526,840
Gross Profit	664,857	641,728	750,521	762,872	727,454	169,307
Operating Income	5,395	19,000	84,116	100,981	28,787	(7,397)
Non-operating income and expenses	11,290	672	(5,493)	13,146	20,868	22,449
Income Before Income Tax	16,685	19,672	78,623	114,127	49,655	15,052
Net income for the period from continuing operations	16,837	17,056	51,855	91,437	40,867	11,995
Loss from discontinued operations	-	-	-	-	-	-
Net income	16,837	17,056	51,855	91,437	40,867	11,995
Other comprehensive income (loss), net of Income Tax	(8,512)	(7,999)	(15,482)	18,493	(548)	3,407
Total comprehensive income	8,325	9,057	36,373	109,930	40,319	15,402
Net income attributable to owners of the parent	16,706	16,844	51,444	91,331	40,612	11,886
Net income attributable to non-controlling interests	131	212	411	106	255	109
Total comprehensive income attributable to owners of the parent	8,203	8,848	36,222	109,887	40,194	15,349
Total comprehensive income attributable to non-controlling interests	122	209	151	43	125	53
Earnings per share	0.35	0.36	1.03	1.22	0.54	0.16

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

Note 2: The financial information of the Company as of March 31, 2024 has been reviewed by independent auditors.

**2. Condensed Balance Sheet and Statement of Comprehensive Income  
- Parent Company Only Financial Statement**

**Condensed Balance Sheet**

Unit: NT\$ thousands

Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Item						
<b>Current Assets</b>		812,174	759,420	1,368,993	1,395,109	1,336,475
<b>Property, Plant and Equipment</b>		348,784	346,512	353,940	360,483	351,783
<b>Intangible Assets</b>		39,436	37,839	32,173	23,457	32,610
<b>Other Assets</b>		388,831	386,987	394,319	431,674	443,482
<b>Total Assets</b>		1,589,225	1,530,758	2,149,425	2,210,723	2,164,350
<b>Current Liabilities</b>	Before Distribution	456,530	389,686	374,232	365,507	334,946
	After Distribution (Note 2)	463,126	396,894	405,390	415,850	360,921
<b>Non-Current Liabilities</b>		32,916	39,041	33,908	25,202	19,539
<b>Total Liabilities</b>	Before Distribution	489,446	428,727	408,140	390,709	354,485
	After Distribution (Note 2)	496,042	435,935	439,298	441,052	380,460
<b>Equity attributable to owners of the parent</b>		1,099,779	1,102,031	1,741,285	1,820,014	1,809,865
<b>Common Stock</b>		470,975	470,975	750,975	750,975	750,975
<b>Capital Surplus</b>	Before Distribution	604,986	604,986	935,226	935,226	935,226
	After Distribution	604,986	604,986	935,226	935,226	935,226
<b>Retained Earnings</b>	Before Distribution	42,874	52,676	96,109	156,955	146,177
	After Distribution (Note 2)	36,278	45,468	64,951	106,612	120,202
<b>Other Equity interests</b>		(19,056)	(26,606)	(41,025)	(23,142)	(22,513)
<b>Treasury shares</b>		-	-	-	-	-
<b>Total equity</b>	Before Distribution	1,099,779	1,102,031	1,741,285	1,820,014	1,809,865
	After Distribution (Note 2)	1,093,183	1,094,823	1,710,127	1,769,671	1,783,890

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

Note 2: The figures after distribution are based on the resolution reached by the Board of Directors or during the shareholders' meeting in the following year.

## Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Fiscal year Item	Financial Information for Most Recent 5 Fiscal Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	1,665,190	1,605,918	1,740,539	1,872,860	1,869,396
Gross Profit	388,272	401,220	452,735	482,495	460,958
Operating Income	30,896	35,479	23,775	67,571	31,886
Non-operating income and expenses	(10,267)	(21,094)	40,130	42,657	14,954
Income Before Income Tax	20,629	14,385	63,905	110,228	46,840
Net income for the period from continuing operations	16,706	16,844	51,444	91,331	40,612
Loss from discontinued operations	-	-	-	-	-
Net income	16,706	16,844	51,444	91,331	40,612
Other comprehensive income (loss), net of Income Tax	(8,503)	(7,996)	(15,222)	18,556	(418)
Total comprehensive income	8,203	8,848	36,222	109,887	40,194
Net income attributable to owners of the parent	16,706	16,844	51,444	91,331	40,612
Total comprehensive income attributable to owners of the parent	8,203	8,848	36,222	109,887	40,194
Earnings per share	0.35	0.36	1.03	1.22	0.54

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

### 6.1.2 Auditors' Opinions from 2019 to 2023

Year	CPA Firm	Name of CPA	Audit Opinion
2019	Ernst & Young	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2020	Ernst & Young	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2021	Ernst & Young	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2022	Ernst & Young	KUO SHAO PIN , YANG CHIH HUEI	Unqualified Opinon
2023	Ernst & Young	KUO SHAO PIN , YANG CHIH HUEI	Unqualified Opinon

## 6.2 Financial Analysis for the most recent 5 years

### 6.2.1 Consolidated Financial Analysis - Based on IFRS

Fiscal year Item		Financial Analysis for the Most Recent 5 Years					As of March 31, 2024, of the current year (Note)
		2019	2020	2021	2022	2023	
Financial Structure	Deb ratio (%)	36.27	34.36	24.80	27.15	23.76	24.44
	Ratio of long-term capital to property, plant and equipment (%)	332.36	338.55	514.69	540.00	541.36	544.58
Solvency	Current ratio (%)	215.60	222.53	363.81	354.77	391.05	377.17
	Quick ratio (%)	130.08	143.58	254.61	257.77	286.52	275.34
	Times interest earned (times)	13.79	10.29	39.48	75.35	23.32	32.36
Operating performance	Accounts receivable turnover (times)	4.24	4.19	4.99	4.78	4.83	5.21
	Average collection days	86.18	87.11	73.11	76.35	75.56	70.04
	Inventory turnover (times)	3.35	3.36	3.97	3.45	3.45	3.50
	Average payable turnover (times)	5.56	5.33	6.71	6.46	6.98	6.93
	Average days in sales	108.95	108.63	91.93	105.79	105.79	104.20
	Property, plant and equipment turnover (times)	5.86	5.65	6.69	6.54	6.25	5.99
	Total assets turnover (times)	1.26	1.17	1.18	0.98	0.92	0.89
Profitability	Return on total assets (%)	1.08	1.10	2.67	3.85	1.75	2.08
	Return on equity (%)	1.51	1.55	3.64	5.13	2.25	2.66
	Ratio of income before tax to paid-in capital (%)	3.54	4.18	10.47	15.20	6.61	8.02
	Net profit margin (%)	0.81	0.85	2.20	3.89	1.82	2.28
	Earnings per share (NT\$)	0.35	0.36	1.03	1.22	0.54	0.16
Cash flow	Cash flow ratio (%)	20.30	28.02	18.83	36.78	27.20	5.96
	Cash flow adequacy ratio (%)	138.70	131.27	109.12	126.13	166.13	180.72
	Cash reinvestment ratio (%)	4.94	8.58	3.92	7.23	3.23	1.25
Leverage	Operating leverage	133.75	37.20	10.61	7.96	25.42	(23.40)
	Financial leverage	1.32	1.13	1.02	1.02	1.08	0.94

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. **Times interest earned (times):** Times interest earned (times) decreased mainly due to a decrease in overall profits in the current year.
2. **Return on total assets, return on equity, net profit before tax to paid-in capital, net profit margin, and earnings per share:** These ratios were decreased mainly due to a decrease in overall profits in the current year.
3. **Cash flow ratio and cash reinvestment ratio:** The cash flow ratio and cash reinvestment ratio both decreased mainly due to lower net cash inflow from operating activities compared to the previous year resulting from a decrease in overall profits in the current year.
4. **Cash flow adequacy ratio:** The cash flow adequacy ratio increased mainly due to an increase in net cash flow from operating activities in the most recent five years.
5. **Operating leverage:** The operating leverage increased mainly due to a decrease in operating profits in the current year.

Note: The ratio analysis of the operating capacity for the current year as of March 31, 2024 is calculated based on the annualized profit and loss of Q1 2024.

### 6.2.2 Stand-Alone Financial Analysis-Based on IFRS

Fiscal year Item		Financial Analysis for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
Financial Structure	Deb ratio (%)	30.80	28.01	18.99	17.67	16.38
	Ratio of long-term capital to property, plant and equipment (%)	324.76	329.30	501.55	511.87	520.04
Solvency	Current ratio (%)	177.90	194.88	365.81	381.69	399.01
	Quick ratio (%)	112.42	126.49	254.43	277.61	288.16
	Times interest earned (times)	44.07	14.71	46.13	426.59	142.94
Operating performance	Accounts receivable turnover (times)	4.01	3.98	4.70	5.14	5.08
	Average collection days	91.00	91.80	77.72	71.01	71.84
	Inventory turnover (times)	4.64	4.51	4.48	4.10	4.38
	Average payable turnover (times)	5.07	4.83	5.47	6.11	7.23
	Average days in sales	78.69	81.00	81.43	88.93	83.40
	Property, plant and equipment turnover (times)	4.83	4.62	4.97	5.24	5.25
	Total assets turnover (times)	1.08	1.03	0.95	0.86	0.85
Profitability	Return on total assets (%)	1.11	1.13	2.86	4.20	1.87
	Return on equity (%)	1.50	1.53	3.62	5.13	2.24
	Ratio of income before tax to paid-in capital (%)	4.38	3.05	8.51	14.68	6.24

	Net profit margin (%)	1.00	1.00	3.00	4.88	2.17
	Earnings per share (NT\$)	0.35	0.36	1.03	1.22	0.54
Cash flow	Cash flow ratio (%)	17.88	23.57	5.29	37.58	19.76
	Cash flow adequacy ratio (%)	136.58	104.92	86.46	85.05	136.93
	Cash reinvestment ratio (%)	3.30	5.71	0.61	4.93	0.74
Leverage	Operating leverage	15.98	14.05	26.41	8.48	16.11
	Financial leverage	1.02	1.03	1.06	1.00	1.01

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Times interest earned (times): Times interest earned (times) decreased mainly due to the decrease in overall profits in the current year.
2. Return on total assets, return on equity, net profit before tax to paid-in capital, net profit margin, and earnings per share: These ratios were decreased mainly due to the decrease in overall profits in the current year.
3. Cash flow ratio and cash reinvestment ratio: The cash flow ratio and cash reinvestment ratio both decreased mainly due to the lower net cash inflow from operating activities compared to the previous year resulted from the decrease in overall profits in the current year.
4. Cash flow adequacy ratio: The cash flow adequacy ratio increased mainly due to the increase in net cash flow from operating activities in the most recent five years.
5. Operating leverage: The operating leverage increased mainly due to the decrease in operating profits in the current year.

The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

#### 1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

#### 2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

#### 3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Average Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).



(5) Average days in sales =  $365 / \text{inventory turnover}$ .

(6) Property, plant and equipment turnover =  $\text{net sales} / \text{average net property, plant and equipment}$ .

(7) Total asset turnover =  $\text{net sales} / \text{average total assets}$ .

#### 4. Profitability

(1) Return on total assets =  $(\text{net income} + \text{interest expenses} * (1 - \text{effective tax rate})) / \text{average total assets}$ .

(2) Return on equity =  $\text{net income after tax} / \text{average total equity}$ .

(3) Net profit margin =  $\text{net income after tax} / \text{net sales}$ .

(4) Earnings per share =  $(\text{income attributable to owners of parent} - \text{preferred stock dividends}) / \text{weighted average number of shares outstanding}$ .

#### 5. Cash flow

(1) Cash flow ratio =  $\text{net cash flows from operating activities} / \text{current liabilities}$ .

(2) Net cash flow adequacy ratio =  $5\text{-year sum of net cash flow from operating activities} / 5\text{-year sum of (capital expenditures} + \text{increases in inventory} + \text{cash dividends})$ .

(3) Cash reinvestment ratio =  $(\text{cash from operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long-term investments} + \text{other non-current assets} + \text{working capital})$ .

#### 6. Leverage

(1) Operating leverage =  $(\text{net operating revenue} - \text{variable operating costs and expenses}) / \text{operating income}$ .

(2) Financial leverage =  $\text{operating income} / (\text{operating income} - \text{interest expenses})$ .

### **6.3 Audit Committee's Report for the most recent year's Financial Statement**

## **AUDIT COMMITTEE REPORT**

**To: Shareholders' Annual General Meeting for Year 2024, Unitech Electronics Co., LTD.**

**The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Unitech Electronics Co., LTD. the 2023 Business Report, Financial Reports and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Kuo, Chao-Pin and Yang, Chi-Hueh of Ernst & Young Global Limited. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the audit committee. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.**

**The Audit Committee, Chairman: : Su, Liang**

**March 11, 2024**

**6.4 Disclosure of any financial difficulties encountered by the company and its affiliated enterprises during the most recent fiscal year and up to the publication date of the annual report : None.**

**6.5 Supplementary Information**

**6.5.1 The evaluation basis and foundation for the provision method of asset and liability evaluation items**

<b>Item</b>	<b>Evaluation subjects of Assets and liabilities</b>	<b>Evaluation Basis</b>	<b>Evaluation Foundation</b>
<b>1.</b>	<b>Allowance for doubtful debts</b>	<b>Aging analysis method</b>	<p>Calculate accounts receivable aging based on due date, and allowances are recognized as follows:</p> <ol style="list-style-type: none"> <li><b>1. If overdue for 0-30 days, 2% loss will be recognized.</b></li> <li><b>2. If overdue for 31-60 days, 5% loss will be recognized.</b></li> <li><b>3. If overdue for 61-90 days, 10% loss will be recognized.</b></li> <li><b>4. If overdue for 91-360 days, 50% loss will be recognized.</b></li> <li><b>5. If overdue for more than 361 days, 100% loss will be recognized.</b></li> </ol>
<b>2.</b>	<b>Allowance for inventory valuation losses</b>	<b>Inventories shall be measured at the lower of cost and net realizable value.</b>	<ol style="list-style-type: none"> <li><b>1. Inventory is subsequently valued at lower of cost and net realizable value item by item.</b></li> <li><b>2. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.</b></li> <li><b>3. The difference between cost and net realizable value should be recognized as allowance for inventory valuation losses.</b></li> </ol>
<b>3.</b>	<b>Provision for inventory obsolescence</b>	<b>Fully provided</b>	<b>100% of the inventory that is deemed obsolete is fully provided for</b>

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2022	Differences	Differences (%)
Current Assets	1,794,128	1,920,808	(126,680)	(6.60%)
Property, Plant and Equipment	354,273	362,863	(8,590)	(2.37%)
Intangible Assets	32,616	23,503	9,113	38.77%
Other Assets	195,677	193,694	1,983	1.02%
<b>Total Assets</b>	<b>2,376,694</b>	<b>2,500,868</b>	<b>(124,174)</b>	<b>(4.97%)</b>
Current Liabilities	458,796	541,418	(82,622)	(15.26%)
Non-current Liabilities	105,990	137,518	(31,528)	(22.93%)
<b>Total Liabilities</b>	<b>564,786</b>	<b>678,936</b>	<b>(114,150)</b>	<b>(16.81%)</b>
Common Stock	750,975	750,975	0	0.00%
Capital Surplus	935,226	935,226	0	0.00%
Retained Earnings	146,177	156,955	(10,778)	(6.87%)
Other Equity	(22,513)	(23,142)	629	(2.72%)
Non-controlling Interests	2,043	1,918	125	6.52%
<b>Total Equity</b>	<b>1,811,908</b>	<b>1,821,932</b>	<b>(10,024)</b>	<b>(0.55%)</b>
<p>Explanation of significant changes in ratios (those with a change of over 20% and a change in amount of over 10 million dollars):</p> <p>(1) Non-current liabilities: This was mainly due to a decrease in contract liabilities and lease liabilities in the current year.</p>				

## 7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2023	2022	Differences	Differences (%)
Operating Revenue	2,242,442	2,350,259	(107,817)	(4.59%)
Operating Cost	1,514,988	1,587,387	(72,399)	(4.56%)
Gross Profit	727,454	762,872	(35,418)	(4.64%)
Operating Expenses	698,667	661,891	36,776	5.56%
Operating Income	28,787	100,981	(72,194)	(71.49%)
Non-operating Income and Expenses	20,868	13,146	7,722	58.74%
Income Before Income Tax	49,655	114,127	(64,472)	(56.49%)
Income Tax Expense	8,788	22,690	(13,902)	(61.27%)
Net Income	40,867	91,437	(50,570)	(55.31%)
Other Comprehensive Income(loss),net of income tax	(548)	18,493	(19,041)	(102.96%)
Total comprehensive income	40,319	109,930	(69,611)	(63.32%)
<p>Explanation for significant changes in ratios (where the change exceeds 20% and the amount of change is over NT\$10 million):</p> <p>(1) Operating income, income before income tax, and net income: Overall profits decreased mainly due to a decrease in operating revenue and an increase in operating expenses in the current year.</p> <p>(2) Income tax expenses: The income tax expenses decreased mainly due to a decrease in income before income tax.</p> <p>(3) Other Comprehensive Income (loss): This was mainly due to the appreciation of the exchange rate of USD and Euro in the last year, which resulted in an increase in the exchange difference from translating the financial statements of foreign operations, and the lower fluctuation of the USD exchange rate in the current year.</p>				

### 7.3 Analysis of Cash Flow

Unit: NT\$ thousands

Cash at Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Cash at End of Year	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
868,790	124,813	(541,728)	451,875	—	—
<p><b>1. Analysis of the changes in cash flow for Current Year:</b></p> <p>(1) <b>Operating activities:</b> The net cash inflow from operating activities for the current year was NT 124,813 thousands, mainly due to inventory being reduced and account receivable decreased.</p> <p>(2) <b>Investing activities:</b> The net cash outflow from investing activities was NT 458,185 thousands, mainly due to the acquisition of financial assets at amortized cost.</p> <p>(3) <b>Financing activities:</b> The net cash outflow from financing activities was NT 83,543 thousands, mainly due to the payment of cash dividends.</p> <p><b>2. Remedial measures for expected cash shortages and liquidity analysis:</b> There are no cash liquidity issues that require remedial measures.</p> <p><b>3. Analysis of cash flow liquidity for the next year:</b></p>					
Cash at Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investing and Financing Activities	Estimated Cash at End of Year	Estimated Remedy for Liquidity Shortfall	
				Investment Plans	Financing Plans
451,875	88,103	(75,076)	464,902	—	—

### 7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

There is no major capital expenditure plan this year.

### 7.5 Reinvestment policy in the most recent year, the main causes for profits or losses, its improvement plans and investment plans for the coming year:

#### 7.5.1 Reinvestment policy in the most recent year :

The company has established internal control systems, "Related Party Transaction Regulations," and "Subsidiary Management Regulations" to manage and regulate transactions between each other for each investment business. The finance and accounting department of the company regularly

obtains operational and financial information from each investment business and analyzes and evaluates its operating and profitability status to understand its financial and business conditions, effectively management the operational performance of each investment business.

**7.5.2 Main reasons for profits or losses generated, improvement plans for reinvestment profitability for the coming year:**

**Unit: NT\$ thousands**

Reinvestment enterprise \ Item	Recognition of profit (loss) from investment in year 2023	Main reasons for profit or loss	Improvement Plan
UAV	(18,892)	This is due to the recognition of the investment loss from UTA that the U.S. reinvestment company.	<ol style="list-style-type: none"> <li>1. Utilize the launch of new products to strengthen marketing and promotional activities.</li> <li>2. Strengthen cooperation with existing customers, and continue to develop new project clients and sales channels.</li> <li>3. Strengthen expense control.</li> </ol>
UEV	7,675	This is due to the recognition of the investment gains from UTI that the Europe reinvestment company.	None.
UCV	(4,838)	This is recognizing the loss incurred from the Xiamen Unitech Computer Investment, a Chinese mainland reinvestment company.	<ol style="list-style-type: none"> <li>1. Utilize the launch of new products to strengthen marketing and promotional activities.</li> <li>2. Strengthen cooperation with existing customers, and continue to develop new project clients and sales channels.</li> <li>3. Strengthen expense control.</li> </ol>
UJH	6,056	This is due to the recognition of the investment gains from	None.

Reinvestment enterprise	Item	Recognition of profit (loss) from investment in year 2023	Main reasons for profit or loss	Improvement Plan
			UTJ that the Japan reinvestment company.	
	UTJ	774	This is due to the recognition of the operating profit from UTJ that the Japan reinvestment company.	None.

### 7.5.3 Coming Next Year Investment Plan:

As of the date of the annual report, the company has no material investment plan.

## 7.6 Analysis of Risk Management of the current fiscal year and up to the publication date of the annual report

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on the Company's Profit and Loss, and Future Response Measures:

#### 1. Impact upon company's profit(losses):

##### (1) Interest Rate Changes

The company adopts a conservative and stable approach in utilizing our funds. If there are still funds available for investment after deducting the funds required for operations, we will invest in safe and low-risk financial products, mainly including current and time deposits, and money market funds. In addition, bank borrowing for working capital needs is considered as short-term funding, and the proportion of interest expense is not high. The financial costs of the Company for the year 2023 and the first quarter of 2024 were approximately NTD2,225 thousands and NTD480 thousands, respectively, accounting for 0.10% and 0.09% of net revenue, which have no significant impact on the Company's profit and loss.

##### (2) Exchange Rate Changes

The Company's sales and purchases are denominated in foreign currency, which affects the revenue and cost of goods sold denominated in foreign currency due to exchange rate fluctuations. To manage the exchange rate risk, the Company uses natural hedging by matching the currency of sales and purchases in some cases, and uses forward exchange contracts for some foreign currency payments. As an example, based on the consolidated financial assets and liabilities denominated in foreign currency at the end of 2023 and the end of Q1 2024, the exchange rate risk mainly comes from the fluctuations of the USD exchange rate. If the NTD appreciates/depreciates against the USD by 1%, it would result in a increase/decrease of NTD 3,486



thousand and NTD 3,915 thousand, respectively, in the Company's net income.

**(3) Inflation**

Recently, there has been a slight inflation in the main operating markets of the Company. However, the Company and its subsidiaries do not directly sell products to general consumers. As of the latest fiscal year and the date of printing this annual report, inflation has not had a significant adverse impact on the Company's operations.

**2. Future Response Measures:**

**(1) Interest Rate Changes**

The Company continuously monitors interest rate trends and maintains close interaction with financial institutions to secure the best interest rate conditions.

**(2) Exchange Rate Changes**

The Company adopts a dynamic natural hedging approach to mitigate the exchange rate risk of major foreign currency transactions. The finance department regularly reviews net positions of each foreign currency, and if the net position exceeds a certain amount, the Company will use forward foreign exchange contracts or spot purchases/sales of foreign currency to achieve the effect of exchange rate hedging.

**(3) Inflation**

In recent year till the date of the annual report, inflation has had little impact on the Company's operations, but the Company will continue to maintain a high level of attention.

**7.6.2 Engage in the Policies of High-Risk, Highly-Leveraged Investments, Governing Loaning of Funds and Making of Endorsements/Guarantees, and Derivatives Trading, the reasons for profit or loss resulted, and the future countermeasures:**

- 1. The Company has been focusing on the operation and development of its own business for a long time, and did not engage in high-risk, high-leverage investment.**
- 2. The Company has not issued any loaning funds to others as of the end of 2023 and the end of Q1 2024.**
- 3. The Company has not issued any endorsements or guarantees for others as of the end of 2023 and the end of Q1 2024.**
- 4. The company's derivative transactions are all intended to hedge foreign currency positions arising from its operating activities and are not intended to generate profits.**

The company has established regulations on the acquisition or disposal of assets, loans to others, endorsements and guarantees, and derivative transactions, which

have been approved by the board of directors and shareholders' meetings. All relevant operations of the company are carried out in accordance with the above regulations.

#### **7.6.3 Future Research & Development Projects and expenditures expected:**

The company's future R&D direction will continue to focus on military-grade ruggedized mobile computers, RFID readers, various types of barcode scanners, wearable data readers, 3D recognition data collectors, and related hardware products and device management platforms. In addition to developing products using the Android system, the company will also develop products certified by Apple's MFi.

Furthermore, the company will increase its software development capabilities year by year, developing data collection AI applications, IoT system modules, industry-specific vertical solutions, and integrating hardware and software applications.

The company plans to invest approximately NTD136 million in R&D expenses in 2024, which will be used for experimental expenses necessary for the development of new products and new software and hardware platform technologies, product certification, and collaboration with external research institutions.

#### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:**

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary.

#### **7.6.5 Effects of and Response to Changes in Technology (including Cyber Security Risk) and the Industry Relating to Corporate Finance and Sales:**

In the automatic identification data collection industry where our company operates, we have taken necessary measures to cope with technological and industry changes brought about by the development of wireless communication applications, the growth of information mobile applications, RFID applications, image recognition and 3D sensing technology, device management platforms, and application software needs, among others. As a long-time provider of products and services in the automatic identification data collection market, we continue to invest in hardware and software development to continuously introduce products and solutions that meet market demand with limited risk. Regarding information security risk management, we have established computer hardware and software management regulations, system host management regulations, and information security-related assessment methods as the basis for executing information security management work. Please refer to the "VI. Operational Overview 5.6 Cyber Security Management" section of this annual report for further information on our company's information security management.

#### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:**

We focus on our core business and have not experienced any operational crises caused by changes in our corporate image. However, once a corporate crisis occurs, it may cause significant damage to the enterprise. Therefore, our company will continue to comply with and implement various corporate governance requirements, seek timely advice from relevant experts, and strive to reduce the occurrence of such risks and their impact on our business and finance.

**7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:**

As of the date of this Annual Report, the Company has no ongoing merger and acquisition activities hence it's not applicable.

**7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:**

As of the date of this Annual Report, the Company has no ongoing expansion plans to factory hence it's not applicable.

**7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

The purchase and sales of the company are diversified. In Year 2023, the largest customer accounted for 7.76% of net sales, and the largest supplier accounted for 11.52% of the net purchases. Therefore, there is no concern of concentration risk. We continue to expand our customer base and search for new suppliers to avoid the risk of concentration in our purchase and sales activities.

**7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:**

The Company has no ongoing shares transfer or Changes in Shareholdings by Director, Supervisors, or Shareholders with Shareholding of over 10% hence it's not applicable.

**7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights:**  
As of the date of this Annual Report, such risks were not identified by the Company.

**7.6.12 The Company's directors, general manager, substantial shareholders holding more than 10% of the shares, and its subsidiaries, are not involved in any major litigations, non-litigation or administrative disputes that have been determined by judgments or are pending, and may have a significant impact on shareholder rights or securities prices. The facts, amounts, dates of commencement of the proceedings, the main parties involved and the handling status as of the date of the annual report:**

None of the above applies to the Company.

**7.6.13 Other Major Risks and Future Response Measures:**

## **1. Market Risk**

- (1) Evaluation of the Market Risk:** The company operates in a niche market in the automatic data collection industry, with a diverse range of products and mainly serving value-added resellers and system integrators. The hardware configurations vary depending on the end-user needs; therefore, the company needs to have excellent grasp of user requirements and a comprehensive understanding of industry trends and customer needs in order to design products that meet market demands in terms of functionality and specifications.
- (2) The Response Measures:** The company's R&D department enhances compatibility and substitutability with existing product specifications in the design of new products, reduces the inventory of future spare parts by increasing their commonality. Through regular production and sales meetings, the company adopts a management approach that combines customer projected orders and planned production to shorten the production and sales time, increase inventory turnover, and reduce inventory levels, effectively controlling inventory idling situations.

## **2. Financial and Liquidity Risk**

- (1) The amounts of accounts receivable and inventory in the company's assets** have always been the largest items, so maintaining good quality of accounts receivable and inventory is important. In addition, in response to short-term and long-term development goals, the company needs to maintain sufficient cash and cash equivalents as well as bank financing limits to maintain financial flexibility and support operational needs.
- (2) The Response Measures:** The company has a dedicated department to manage accounts receivable, and inventory is controlled by specialized personnel in accordance with business units. The company has also adopted an information system for global inventory management. In addition, the finance department is responsible for overall financial management, such as the allocation of sources of long and short-term funds, sensitivity analysis of changes in funding requirements, safety stock of funds, available bank financing balances, and hedging of import and export foreign exchange, etc.

## **3. Evaluation of the credit risk and its response measures**

- (1) Evaluation of the credit risk:** The company has a dedicated credit management personnel who establish strict customer credit management regulations. Credit limits are given based on customer nature, transaction records, and collateral provided, etc., and transactions can only be conducted if the credit limit is approved. This management mechanism has been established in the information system for automatic control.
- (2) The Response Measures:** Under strict control, even if a small number of customers experience delayed payments or even inability to pay, the company will delegate legal personnel to conduct necessary legal procedures to minimize possible risks. Based on the past actual bad debt occurrence, the company has provided an expected credit gains (losses)

provision based on the accounts receivable due date for the year 2023 and 2024 Q1, which only accounted for 0.23% and 0.31% of the net revenue and had little impact on the overall operation of the company.

**4. Evaluation and the response measures for Legal Risk**

- (1) **Evaluation of Legal Risk:** The risks that the Company's business activities are exposed to under the law are minimal. The Company has always placed a high value on conducting its operations lawfully, whether it be in the process of business transactions, compliance with labor laws, tax-related laws and regulations, or relevant laws and regulations that must be followed by listed companies.
- (2) **The Response Measures:** The Company has appointed legal advisors to provide legal consultation and review contracts for daily business operations. It also has a dedicated department responsible for managing the use of the Company's patents and trademarks to avoid any violations of the law.

**5. Evaluation and The Response Measures on Strategic and Operational Risk**

- (1) **Evaluation of Strategic and Operational Risk:** The Company has established a management decision-making team composed of top executives and staff, which regularly discusses the Company's long-term strategic direction and progress in achieving short-term goals. The average tenure of the team members is 20 years, and the management team members have extensive industry knowledge and experience, making their collaboration solid.
- (2) **The Response Measures:** The Company uses the ERP system of the US-based company Oracle as the backbone, connecting various functional application software in the front-end to provide timely and accurate data as the basis for decision-making, thus reducing decision-making risks.

**7.6.14 Organizational Structure of Risk Management**

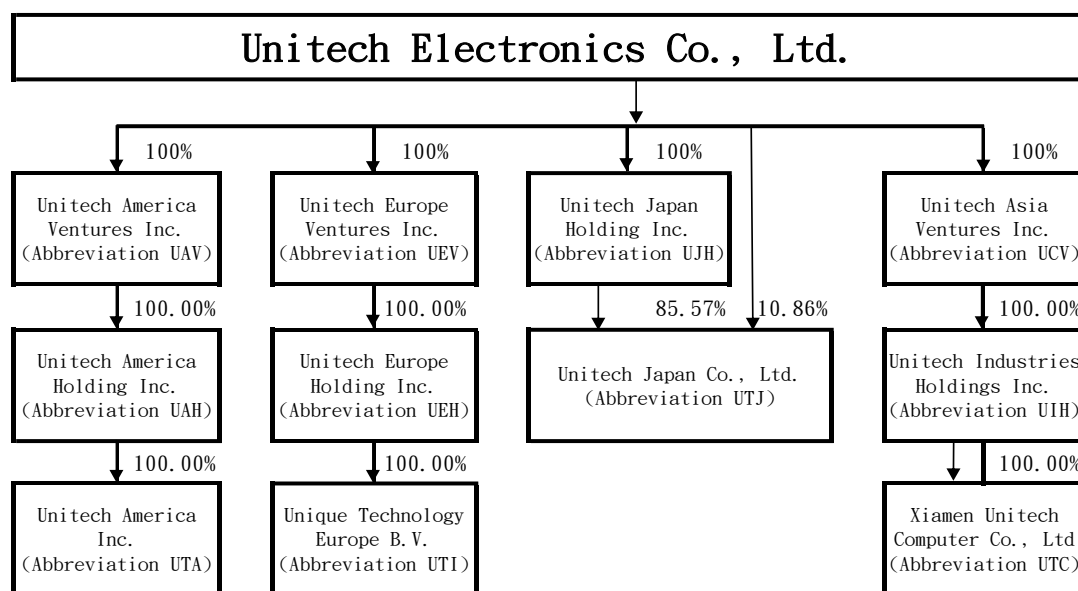
<b>Risk Execution Department</b>	<b>Project Executed</b>	<b>Implementation Status</b>
<b>Business-Decision Making Committee</b>	<b>Business decision-making risks</b>	<b>The evaluation of the company's long and short-term development direction, operational strategies, goals, and overall risks.</b>
<b>General Administration Division</b>	<b>Financial management risks</b>	<b>Fund scheduling and management, investment planning, customer credit control, business analysis, and cost analysis.</b>
<b>MIS Division</b>	<b>Cyber security risks</b>	<b>Integrating and planning information infrastructure and security maintenance to ensure uninterrupted operation of information systems.</b>
<b>Audit Office</b>	<b>Internal control risks</b>	<b>Evaluating the soundness and effectiveness of the internal control system and conducting internal audits.</b>

**7.7 Other Special Disclosure: None.**

## VIII Special Disclosure

### 8.1 Information Related to the Company's Affiliates

#### 8.1.1 Organizational Chart of Affiliated Companies



#### 8.1.2 Basic Information of the Affiliated Companies:

**December 31, 2023**  
**Unit: Foreign Currencies**

Company Name	Date of Incorporation	Address	Paid-In Capital	Major Business Operation Items
Unitech America Ventures Inc. (UAV)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD 5,356,573	Holding company
Unitech America Holding Inc. (UAH)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD 5,356,573	Holding company
Unitech America Inc. (UTA)	January 1989	6182 Katella Ave Cypress, CA90630 USA	USD 1,000,000	Marketing and trade of Automatic Identification Data Capture Products
Unitech Europe Ventures Inc. (UEV)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	EUR 1,953,676	Holding company
Unitech Europe Holding Inc. (UEH)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	EUR 1,953,676	Holding company
Unique Technology Europe B.V. (UTI)	January 1999	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19, 5015	EUR 616,906	Marketing and trade of Automatic Identification Data Capture Products

Company Name	Date of Incorporation	Address	Paid-In Capital	Major Business Operation Items
Unitech Asia Ventures Inc. (UCV)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD 3,497,358	Holding company
Unitech Industries Holdings Inc. (UIH)	July 1998	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD 2,449,367	Holding company
Xiamen Unitech Computer Co., Ltd. (UTC)	November 1998	Unit 401-C Rihua Building No.16, Xin Feng San Road Torch Hi-Tech Industrial Development Zone, Xiamen 361006 People's Republic of China	USD 3,419,200	Marketing and trade of Automatic Identification Data Capture Products
Unitech Japan Holding Inc. (UJH)	November 2007	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	JPY 42,774,910	Holding company
Unitech Japan Co., Ltd. (UTJ)	August 2000	Tohsei Bldg.3F, 18-10 Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	JPY 70,000,000	Marketing and trade of Automatic Identification Data Capture Products

### 8.1.3 Subordinate relationship under Article 369-3 of the Company Act: N/A

### 8.1.4 Industries covered by the affiliated business of related parties:

The main business operations of our company's overall related enterprises are the research and development, design, manufacturing, and global sales of "Automatic Identification Data Capture Products".

### 8.1.5 Directors, Supervisors and General Manager of the affiliated companies :

December 31, 2023 Unit: Shares ; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
Unitech America Ventures Inc. (UAV)	Director	UNITECH Representative: YEH CHIA WEN	10,000	100.00%
Unitech America Holding Inc. (UAH)	Director	UAV Representative: YEH CHIA WEN	10,000	100.00%
Unitech America Inc. (UTA)	Director	YEH CHIA WEN	100,000	100.00%
	Director	CHEN RONG HUEI		
Unitech Europe Ventures Inc. (UEV)	Director	UNITECH Representative: YEH CHIA WEN	10,000	100.00%
Unitech Europe Holding Inc. (UEH)	Director	UEV Representative: YEH CHIA WEN	10,000	100.00%
Unique Technology Europe B.V. (UTI)	Director	YEH CHIA WEN	135,948	100.00%
	Director	CHEN RONG HUEI		
Unitech Asia Ventures Inc. (UCV)	Director	UNITECH Representative: YEH CHIA WEN	16,056.83	100.00%
Unitech Industries Holdings Inc. (UIH)	Director	UCV Representative: YEH CHIA WEN	13,785.52	100.00%
Xiamen Unitech Computer Co., Ltd. (UTC)	President	YEH CHIA WEN	3,419,200	100.00%
	Vice President	CHEN RONG HUEI		
	Director	HSU CHIH TA		
	Supervisor	LU KUANG HUNG		
	General Manager	HSU CHIH TA		
Unitech Japan Holding Inc. (UJH)	Director	UNITECH Representative: YEH CHIA WEN	10,000	100.00%
Unitech Japan Co., Ltd. (UTJ)	Director	UJH Representative: CHEN RONG HUEI	1,350	96.43%
	Director & General Manager	SHIGERU YAMA	50	3.57%



### 8.1.6 Operation Overview of Affiliated companies :

Unit: NT\$ thousands

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Earning per share (NT\$)
Unitech America Ventures Inc. (UAV)	164,500	199,497	0	199,497	0	0	(18,014)	(1,801.36)
Unitech America Holding Inc. (UAH)	164,500	199,497	0	199,497	0	0	(18,014)	(1,801.36)
Unitech America Inc. (UTA)	30,710	354,591	155,094	199,497	404,371	(20,639)	(18,014)	(180.14)
Unitech Europe Ventures Inc. (UEV)	66,445	81,905	0	81,905	0	0	8,156	815.58
Unitech Europe Holding Inc. (UEH)	66,445	81,905	0	81,905	0	0	8,156	815.58
Unique Technology Europe B.V. (UTI)	20,981	194,617	112,712	81,905	379,767	10,065	8,156	59.99
Unitech Asia Ventures Inc. (UCV)	107,660	18,137	0	18,137	0	0	(4,482)	(279.11)
Unitech Industries Holding Inc. (UIH)	70,322	18,137	0	18,137	0	0	(4,482)	(325.09)
Xiamen Unitech Computer Co., Ltd. (UTC)	101,834	54,549	36,466	18,083	91,308	(3,902)	(4,482)	0
Unitech Japan Holding Inc. (UJH)	9,304	48,949	0	48,949	0	0	6,098	609.83
Unitech Japan Co.,Ltd. (UTJ)	15,225	92,734	35,531	57,203	143,204	11,378	7,127	5,948.70

Note 1 : The related companies are foreign corporations, the relevant figures are presented in New Taiwan Dollars converted at the exchange rate on the reporting date

### 8.1.7 Consolidated Financial Statements of Affiliated Enterprise :

In Year 2023, the criteria for preparing the "Preparation Standards for Consolidated Financial Statements of Related Parties in the Business Report of Related Parties and the Related Report" should include the same companies that should be included in the preparation of consolidated financial statements for parent-subsidary companies in accordance with International Financial Reporting Standard No. 10. The relevant information that should be disclosed in the consolidated financial statements of related parties has already been disclosed in the consolidated financial statements of parent-subsidary companies, therefore there is no need to prepare another set of consolidated financial statements of related parties.

### 8.1.8 Related Party Disclosures : None.

**8.2 The Status of Issuing Private Placement Securities in the most recent year and up to the publication of the annual report: None.**

**8.3 Acquisition or Disposal of the Company's Stock Shares by subsidiaries in the most recent year and up to the publication of the annual report: None.**

**8.4 Other Necessary Supplementary Notes: None**

**IX. The occurrence of any events listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None**

## **X. Financial Statement**

### **10.1 Financial Statement for the most recent fiscal year**

English Translation of a Report and Financial Statements Originally Issued in Chinese

#### **UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES**

#### **CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

#### Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## Consolidated Financial Statements

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## REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2023 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Unitech Electronics Co., Ltd.

Chairman: Yeh, Chia-Wen

March 11, 2024

Independent Auditors' Report Translated from Chinese

**Independent Auditors' Report**

To Unitech Electronics Co., Ltd.

**Opinion**

We have audited the accompanying consolidated balance sheets of Unitech Electronics Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 consolidated financial statements. 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.

### Revenue recognition

The Group recognized NT\$2,242,442 thousand as operating revenue which mainly stemmed from the sale of automatic identification data capture products for the year ended December 31, 2023. Sale of automatic identification data capture products is the main operating activity of the Group. The revenue was recognized when the Group has transferred the promised goods to its customers and satisfied the performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; and reviewing the significant returns and allowances in subsequent periods, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4(19) and Note 6(16) to the consolidated financial statements.

### Inventory evaluation

The Group had net inventory of NT\$401,994 thousand, representing 16.91% of total assets as of December 31, 2023. Due to the rapid change of technology of automatic identification data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management's judgment, we therefore determined this matter as a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories; and testing the accuracy of inventory aging, etc. We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4(11), Note 5(2), and Note 6(7) to the consolidated financial statements.

## **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

## **Auditor's 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 auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the 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 internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

## Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of Unitech Electronics Co. Ltd. as of and for the years ended December 31, 2023 and 2022.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

March 11, 2024

### Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

## UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022	
Code	Description	Notes	Amount	%	Amount	%	Code	Description	Notes	Amount	%	Amount	%
	<b>Current assets</b>							<b>Current liabilities</b>					
1100	Cash and cash equivalents	4, 6(1)	\$ 451,875	19.01	\$ 868,790	34.74	2120	Financial liabilities at fair value through profit or loss-current	4, 6(2)	\$ 208	0.01	\$ 1,211	0.05
1110	Financial assets measured at fair value through profit or loss-current		381	0.02	-	-	2130	Contract liabilities-current	4, 6(16)	87,676	3.69	82,482	3.30
1136	Financial assets measured at amortized cost-current	4, 6(4)	406,288	17.09	7,071	0.28	2150	Notes payable		3,375	0.14	9,648	0.38
1140	Contract assets-current	4, 6(16), 6(17)	12,015	0.51	1,804	0.07	2170	Trade payables	7	184,316	7.75	236,557	9.46
1150	Notes receivable, net	4, 6(5), 6(17)	18,387	0.77	32,696	1.31	2200	Other payables	7	137,814	5.80	154,375	6.17
1170	Trade receivables, net	4, 6(6), 6(17), 7	403,589	16.98	474,186	18.96	2230	Current tax liabilities	4, 5, 6(22)	4,044	0.17	11,678	0.47
1197	Finance lease receivable, net	4, 6(17), 6(18)	3,102	0.13	2,898	0.12	2250	Provisions-current	4, 6(12)	2,434	0.10	1,926	0.08
1200	Other receivables		12,964	0.55	2,652	0.11	2280	Lease liabilities-current	4, 6(18)	26,674	1.12	28,007	1.12
1220	Current tax assets	4, 5, 6(22)	5,925	0.25	5,530	0.22	2300	Other current liabilities	4, 6(13)	12,255	0.52	15,534	0.62
130x	Inventories, net	4, 5, 6(7)	401,994	16.91	476,859	19.07	21xx	Total current liabilities		458,796	19.30	541,418	21.65
1410	Prepayments		77,608	3.27	48,322	1.93							
11xx	Total current assets		1,794,128	75.49	1,920,808	76.81		<b>Non-current liabilities</b>					
	<b>Non-current assets</b>						2527	Contract liabilities-noncurrent	4, 6(16)	37,626	1.58	49,434	1.98
1517	Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	29,293	1.23	27,713	1.11	2570	Deferred tax liabilities	4, 5, 6(22)	35	-	1,609	0.06
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	7,385	0.31	4,913	0.19	2580	Lease liabilities-noncurrent	4, 6(18)	55,310	2.33	71,006	2.84
1600	Property, plant and equipment	4, 6(8), 7, 8	354,273	14.91	362,863	14.51	2640	Net defined benefit liabilities-noncurrent	4, 6(14)	12,710	0.54	15,161	0.61
1755	Right-of-use assets	4, 6(18)	68,005	2.86	83,104	3.32	2645	Deposits received		309	0.01	308	0.01
1780	Intangible assets	4, 6(9)	32,616	1.37	23,503	0.94	25xx	Total non-current liabilities		105,990	4.46	137,518	5.50
1840	Deferred tax assets	4, 5, 6(22)	35,287	1.49	31,505	1.26	2xxx	<b>Total liabilities</b>		564,786	23.76	678,936	27.15
1920	Refundable deposits		39,562	1.66	29,539	1.18	31xx	<b>Equity attributable to owners of parent</b>					
1900	Other non-current assets	4, 6(10)	8,075	0.34	5,751	0.23	3100	Share capital					
194D	Long-term finance lease receivable, net	4, 6(17), 6(18)	8,070	0.34	11,169	0.45	3110	Common stock	6(15)	750,975	31.60	750,975	30.03
15xx	Total non-current assets		582,566	24.51	580,060	23.19	3100	Capital surplus	4, 6(15)	935,226	39.35	935,226	37.40
							3300	Retained earnings	6(15)				
							3310	Legal reserve		33,126	1.39	23,926	0.96
							3320	Special reserve		23,142	0.98	41,025	1.64
							3350	Undistributed earnings		89,909	3.78	92,004	3.68
								Total retained earnings		146,177	6.15	156,955	6.28
							3400	Other equity	4	(22,513)	(0.95)	(23,142)	(0.93)
								Equity attributable to owners of the parent		1,809,865	76.15	1,820,014	72.78
							36xx	<b>Non-controlling interests</b>	4, 6(15)	2,043	0.09	1,918	0.07
							3xxx	Total equity		1,811,908	76.24	1,821,932	72.85
1xxx	<b>Total assets</b>		\$ 2,376,694	100.00	\$ 2,500,868	100.00	3x2x	<b>Total liabilities and equity</b>		\$ 2,376,694	100.00	\$ 2,500,868	100.00

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

## UNITECH ELECTRONICS CO., LTD.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	2023		2022	
			Amount	%	Amount	%
4000	<b>Operating revenue</b>	4, 6(16), 7	\$ 2,242,442	100.00	\$ 2,350,259	100.00
5000	<b>Operating cost</b>	6(7), 6(9), 6(19), 7	(1,514,988)	(67.56)	(1,587,387)	(67.54)
5900	<b>Gross profit</b>		727,454	32.44	762,872	32.46
6000	<b>Operating expenses</b>					
6100	Selling expenses	6(9), 6(18), 6(19), 7	(479,211)	(21.37)	(437,279)	(18.60)
6200	Administrative expenses	6(9), 6(18), 6(19), 7	(74,875)	(3.34)	(80,416)	(3.42)
6300	Research and development expenses	6(9), 6(18), 6(19), 7	(149,718)	(6.68)	(137,650)	(5.86)
6450	Expected credit gains (losses)	4, 6(17)	5,137	0.23	(6,546)	(0.28)
	Total operating expenses		(698,667)	(31.16)	(661,891)	(28.16)
6900	<b>Operating income</b>		28,787	1.28	100,981	4.30
7000	<b>Non-operating income and expenses</b>	6(20), 7				
7100	Interest income		23,855	1.06	1,529	0.07
7010	Other income		1,331	0.06	4,677	0.20
7020	Other gains and losses		(2,093)	(0.09)	8,475	0.36
7050	Finance costs		(2,225)	(0.10)	(1,535)	(0.07)
	Total non-operating income and expenses		20,868	0.93	13,146	0.56
7900	<b>Income before income tax</b>		49,655	2.21	114,127	4.86
7950	<b>Income tax expense</b>	4, 5, 6(22)	(8,788)	(0.39)	(22,690)	(0.97)
8200	<b>Net income</b>		40,867	1.82	91,437	3.89
8300	<b>Other comprehensive income (loss)</b>	6(21)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		(1,309)	(0.06)	842	0.04
8316	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		1,580	0.07	(102)	-
8349	Income tax relating to those items that will not be reclassified to profit or loss		(54)	-	(148)	(0.01)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of foreign operations		(924)	(0.04)	22,392	0.95
8399	Income tax relating to those items that may be reclassified to profit or loss		159	0.01	(4,491)	(0.19)
	<b>Other comprehensive income (loss), net of income tax</b>		(548)	(0.02)	18,493	0.79
8500	<b>Total comprehensive income</b>		\$ 40,319	1.80	\$ 109,930	4.68
8600	<b>Net income attributable to:</b>					
8610	Owners of the parent company	4, 6(23)	\$ 40,612		\$ 91,331	
8620	Non-controlling interests		255		106	
			\$ 40,867		\$ 91,437	
8700	<b>Total comprehensive income attributable to:</b>					
8710	Owners of the parent		\$ 40,194		\$ 109,887	
8720	Non-controlling interests		125		43	
			\$ 40,319		\$ 109,930	
	<b>Earnings per share (NT\$)</b>					
9750	Basic earnings per share	4, 6(23)	\$ 0.54		\$ 1.22	
9850	Diluted Earnings Per Share	4, 6(23)	\$ 0.54		\$ 1.21	

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

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Equity attributable to owners of parent							Equity attributable to owners of parent	Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings			Other equity				
		Common stock		Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income			
		3110	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	1,741,285	\$ 1,875	1,743,160
	Appropriation and distribution of 2021 earnings:										
B1	Legal reserve	-	-	5,064	-	(5,064)	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	14,419	(14,419)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(31,158)	-	-	(31,158)	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331	106	91,437
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556	(63)	18,493
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887	43	109,930
Z1	Balance as of December 31, 2022	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014	\$ 1,918	\$ 1,821,932
A1	Balance as of January 1, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014	\$ 1,918	\$ 1,821,932
	Appropriation and distribution of 2022 earnings:										
B1	Legal reserve	-	-	9,200	-	(9,200)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(50,343)	-	-	(50,343)	-	(50,343)
B17	Reversal of special reserve	-	-	-	(17,883)	17,883	-	-	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	40,612	-	-	40,612	255	40,867
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(1,047)	(635)	1,264	(418)	(130)	(548)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	39,565	(635)	1,264	40,194	125	40,319
Z1	Balance as of December 31, 2023	\$ 750,975	\$ 935,226	\$ 33,126	\$ 23,142	\$ 89,909	\$ (21,574)	\$ (939)	\$ 1,809,865	\$ 2,043	\$ 1,811,908

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

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Description		2023	2022	Description		2023	2022
		Amount	Amount			Amount	Amount
AAAA	<b>Cash flows from operating activities :</b>			BBBB	<b>Cash flows from investing activities :</b>		
A10000	Net income before income tax	\$ 49,655	\$ 114,127	B00040	Acquisition of financial assets at amortized cost	(405,090)	-
A20000	Adjustments for:			B00060	Proceeds from redemption of financial assets		
A20010	Profit or loss item which did not affect cash flows:				measured at amortized cost	3,270	235
A20100	Depreciation	60,203	57,665	B00100	Acquisition of financial assets at fair value through		
A20200	Amortization	16,221	18,845		profit or loss	-	(60,000)
A20300	Expected credit (gains) losses	(5,137)	6,546	B00200	Proceeds from disposal of financial assets at fair value		
A20400	(Gains) losses on financial assets and liabilities				through profit or loss	-	301,296
	at fair value through profit or loss	(1,384)	1,498	B02700	Acquisition of property, plant and equipment	(21,226)	(32,578)
A20900	Interest expense	2,225	1,535	B02800	Proceeds from disposal of property, plant and equipment	1,535	-
A21200	Interest income	(23,855)	(1,529)	B03700	Increase in refundable deposits	(19,258)	(24,586)
A22500	Losses on disposal of property, plant and equipment	37	15	B03800	Decrease in refundable deposits	9,176	32,613
A29900	Losses from lease modification	314	446	B04500	Acquisition of intangible assets	(20,424)	(9,581)
A30000	Changes in operating assets and liabilities:			B06100	Decrease in long-term lease receivables	2,942	1,861
A31125	(Increase) decrease in contract assets	(10,217)	4,960	B07100	Increase in prepayments for equipment	(9,110)	(5,691)
A31130	Decrease (increase) in notes receivable, net	14,345	(14,274)	BBBB	Net cash (used in) provided by investing activities	(458,185)	203,569
A31150	Decrease (increase) in trade receivables, net	75,797	(23,069)				
A31180	Decrease (increase) in other receivables	270	(171)	CCCC	<b>Cash flows from financing activities :</b>		
A31200	Decrease (increase) in inventories	74,865	(34,775)	C03000	Increase in deposits received	-	307
A31230	(Increase) decrease in prepayments	(29,286)	43,515	C03100	Decrease in deposits received	-	(18)
A32125	(Decrease) increase in contract liabilities	(6,614)	25,166	C04020	Cash payment for the principal portion of the lease liabilities	(32,333)	(30,252)
A32130	(Decrease) increase in notes payable	(6,273)	6,911	C04500	Cash dividends	(50,343)	(31,158)
A32150	Decrease in trade payables	(52,241)	(5,771)	CCCC	Net cash used in financing activities	(82,676)	(61,121)
A32180	(Decrease) increase in other payables	(16,561)	21,042				
A32200	Increase (decrease) in provisions-current	508	(448)	DDDD	Effect of changes in exchange rate on cash and cash equivalents	(867)	20,808
A32230	Decrease in other current liabilities	(3,279)	(9,326)	EEEE	Net (decrease) increase in cash and cash equivalents	(416,915)	362,406
A32240	Decrease in net defined benefit liabilities	(3,760)	(4,188)	E00100	Cash and cash equivalents at the beginning of the year	868,790	506,384
A33000	Cash generated from operating activities	135,833	208,720	E00200	Cash and cash equivalents at the end of the year	\$ 451,875	\$ 868,790
A33100	Interest received	13,273	1,529				
A33300	Interest paid	(2,225)	(1,535)				
A33500	Income tax paid	(22,068)	(9,564)				
AAAA	Net cash provided by operating activities	124,813	199,150				

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

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## **1. History and Organization**

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer Co., Ltd. carved out its automatic identification data division, with the business value of \$900,000 thousand, and established Unitech Electronics Co., Ltd. (“the Company”). The Company issued 40,000 thousand shares of common stock, with a par value of NT\$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic identification data capture product and related businesses.

The Company’s shares had been listed and traded in the Taipei Exchange (TPEX) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company’s registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company’s parent company, which is also the ultimate controller of the group to which the Company belongs to.

## **2. Date and Procedures of Authorization of Financial Statements for Issue**

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 11, 2024.

## **3. Newly Issued or Revised Standards and Interpretations**

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

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- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(B) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(C) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Group.



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- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

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(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

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#### 4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC (“TIFRS”).

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

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When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

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The consolidated entities are listed as follows:

Investor Company	Subsidiary	Main businesses	Percentage of ownership	
			December 31, 2023	December 31, 2022
The Company	Unitech America Ventures Inc. (“UAV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Europe Ventures Inc. (“UEV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Holding Inc. (“UJH”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Asia Ventures Inc. (“UCV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Co., Ltd. (“UTJ”)	Trading of automatic identification data capture products	10.86%	10.86%
UAV	Unitech America Holding Inc. (“UAH”)	Investment business such as financial trust holding	100.00%	100.00%
UAH	Unitech America Inc. (“UTA”)	Trading of automatic identification data capture products	100.00%	100.00%
UEV	Unitech Europe Holding Inc. (“UEH”)	Investment business such as financial trust holding	100.00%	100.00%
UEH	Unique Technology Europe B.V. (“UTI”)	Trading of automatic identification data capture products	100.00%	100.00%
UJH	Unitech Japan Co., Ltd. (“UTJ”)	Trading of automatic identification data capture products	85.57%	85.57%
UCV	Unitech Industries Holding Inc. (“UIH”)	Investment business such as financial trust holding	100.00%	100.00%
UIH	Xiamen Unitech Co., Ltd. (“UTC”)	Trading of automatic identification data capture products	100.00%	100.00%

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(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

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(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. the Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. the Group holds the asset primarily for the purpose of trading.
- C. the Group expects to realize the asset within twelve months after the reporting period.
- D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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A liability is classified as current when:

- A. the Group expects to settle the liability in its normal operating cycle.
- B. the Group holds the liability primarily for the purpose of trading.
- C. the liability is due to be settled within twelve months after the reporting period.
- D. the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with contract periods within three months).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:



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- a. the Company's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost, and other receivables, etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

**B. Impairment of financial assets**

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

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- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. for accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. for lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

### C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the asset have expired.
- b. the Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

#### D. Financial liabilities and equity

##### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

##### Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if:

- a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments which are classified as financial assets or liabilities for hedging.

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Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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(11) Inventories

Inventory is initially stated at acquisition cost. Cost is measured using the standard cost method. Standard costing considers the normal level of raw materials, labor, efficiency and equipment production capacity, and the Group regularly reviews and adjusts standard costing according to the current situation.

Inventory is subsequently valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

<u>Items</u>	<u>Economic lives</u>
Buildings and facilities	2~55 years
Machinery equipment	3~10 years
Tooling equipment	2~10 years
Transportation equipment	5 years
Office equipment	3~7 years
Leasehold improvement	3~5 years



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After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or nonlease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

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- A. the amount of the initial measurement of the lease liabilities;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

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Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

If the Group is an intermediate lessor, it shall manage the head lease and sublease transactions separately and use the right-of-use assets generated from the head lease to assess the classification of the sublease transactions, rather than by reference to the underlying asset.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

### Software

The Group's intangible assets are software measured on initial recognition at cost. The cost of the software is amortized on a straight-line basis over the estimated useful life (3~10 years).

A summary of the policies information applied to the Group's intangible assets is as follows:

	<u>Software</u>
Economic lives	Finite
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

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(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

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The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:



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Sale of goods

The Group manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Group is automatic identification data capture products and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experiences, the Group uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized for the expected volume discounts during the period the contract specifies.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. Part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently and it should be recognized as contract liabilities which are transferred to revenue after the performance obligations are satisfied. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

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Rendering of services

Revenue from the rendering of services primarily comes from maintenance and warranty services. Such services are separately priced, negotiated and provided based on contract period. Where the warranty service has not been provided and the customer has paid the consideration in advance, these amounts are recognized as contract liabilities. As the Group provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## **5. Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below:

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(1) Fair values of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Valuation of inventory

Inventory are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventory to net realizable value.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(22) for more details on unrecognized deferred tax assets as of December 31, 2023.

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## 6. Contents of Significant Accounts

### (1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash		
Cash on hand	\$ 467	\$ 729
Checking and savings accounts	451,408	868,061
Total	<u>\$ 451,875</u>	<u>\$ 868,790</u>

### (2) Financial assets and liabilities at fair value through profit or loss-current

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	<u>\$ 381</u>	<u>\$ -</u>

#### Financial liabilities

Held for trading:		
Forward exchange contracts	<u>\$ 208</u>	<u>\$ 1,211</u>

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

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(3) Financial assets at fair value through other comprehensive income-noncurrent

	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income:		
Preferred stocks	\$ 29,293	\$ 27,713

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits-current	\$ 406,288	\$ 7,071
Time deposits-noncurrent	7,385	4,913
Total	\$ 413,673	\$ 11,984

The Group classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(5) Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 18,432	\$ 32,777
Less: loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696

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Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance and Note 12(4) for details on credit risk.

(6) Trade receivables and trade receivables from related parties

	December 31, 2023	December 31, 2022
Trade receivables	\$ 409,398	\$ 485,190
Less: loss allowance	(5,858)	(11,058)
Subtotal	403,540	474,132
Trade receivables from related parties	49	54
Less: loss allowance	-	-
Subtotal	49	54
Total	\$ 403,589	\$ 474,186

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT\$409,447 thousand and NT\$485,244 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(17) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

Certain of the Group's trade receivables are expected to be sold to banks without recourse. The financial assets at fair value through profit or loss were \$5,477 thousand and \$4,011 thousand as of December 31, 2023 and 2022, respectively.

The information of the Group's trade receivables transferred is as follows:

Transferred financial assets that were derecognized in their entirety

The Group entered into trade receivables factoring agreements without recourse with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset and the Group does not bear the credit risk that the accounts receivable are not paid when due (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction-related information is as follow:



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December 31, 2023			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 11,238	\$ 11,238	0.975%~1.475%

December 31, 2022			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 8,032	\$ 8,032	0.975%~1.475%

(7) Inventories

A. Inventories, net including:

	December 31, 2023	December 31, 2022
Raw materials	\$ 40,338	\$ 40,263
Work in process	37,926	45,804
Semi-finished goods	89,462	88,819
Finished goods	168,369	201,762
Merchandise inventories	65,899	100,211
Net amount	\$ 401,994	\$ 476,859

B. The cost of inventories recognized in expenses amounted to NT\$1,514,988 thousand and NT\$1,587,387 thousand for the years ended December 31, 2023 and 2022, respectively, including the reversal of write-down of inventories of NT\$192 thousand and NT\$4,350 thousand, respectively, mainly as a result of inventory consumption.

C. Inventories were not pledged.

(8) Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner-occupied property, plant and equipment	\$ 354,273	\$ 362,863

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	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost:								
As of January 1, 2023	\$ 220,863	\$ 112,616	\$ 77,880	\$ 218,598	\$ 2,876	\$ 11,313	\$ 12,668	\$ 656,814
Additions	-	997	3,999	13,157	-	884	2,189	21,226
Disposals and retirements	-	(5,068)	(1,902)	(25,457)	-	(315)	(1,537)	(34,279)
Transfer	-	-	-	1,877	-	-	-	1,877
Exchange differences	-	-	179	-	-	70	(37)	212
As of December 31, 2023	<u>\$ 220,863</u>	<u>\$ 108,545</u>	<u>\$ 80,156</u>	<u>\$ 208,175</u>	<u>\$ 2,876</u>	<u>\$ 11,952</u>	<u>\$ 13,283</u>	<u>\$ 645,850</u>
Cost:								
As of January 1, 2022	\$ 220,863	\$ 105,437	\$ 70,614	\$ 233,804	\$ 2,876	\$ 10,708	\$ 10,521	\$ 654,823
Additions	-	5,512	8,992	15,251	-	435	2,388	32,578
Disposals and retirements	-	-	(1,925)	(31,560)	-	(115)	(439)	(34,039)
Transfer	-	1,667	-	1,103	-	-	-	2,770
Exchange differences	-	-	199	-	-	285	198	682
As of December 31, 2022	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 77,880</u>	<u>\$ 218,598</u>	<u>\$ 2,876</u>	<u>\$ 11,313</u>	<u>\$ 12,668</u>	<u>\$ 656,814</u>
Depreciation and impairment:								
As of January 1, 2023	\$ -	\$ 46,163	\$ 64,828	\$ 163,014	\$ 2,242	\$ 10,209	\$ 7,495	\$ 293,951
Depreciation	-	2,573	4,251	20,466	270	509	2,043	30,112
Disposals and retirements	-	(5,068)	(1,802)	(24,112)	-	(314)	(1,411)	(32,707)
Transfer	-	-	-	-	-	-	-	-
Exchange differences	-	-	178	-	-	45	(2)	221
As of December 31, 2023	<u>\$ -</u>	<u>\$ 43,668</u>	<u>\$ 67,455</u>	<u>\$ 159,368</u>	<u>\$ 2,512</u>	<u>\$ 10,449</u>	<u>\$ 8,125</u>	<u>\$ 291,577</u>
Depreciation and impairment:								
As of January 1, 2022	\$ -	\$ 43,769	\$ 63,398	\$ 174,295	\$ 1,844	\$ 9,550	\$ 6,573	\$ 299,429
Depreciation	-	2,394	3,160	20,279	398	539	1,243	28,013
Disposals and retirements	-	-	(1,925)	(31,560)	-	(100)	(439)	(34,024)
Transfer	-	-	-	-	-	-	-	-
Exchange differences	-	-	195	-	-	220	118	533
As of December 31, 2022	<u>\$ -</u>	<u>\$ 46,163</u>	<u>\$ 64,828</u>	<u>\$ 163,014</u>	<u>\$ 2,242</u>	<u>\$ 10,209</u>	<u>\$ 7,495</u>	<u>\$ 293,951</u>
Net carrying amount as of:								
December 31, 2023	<u>\$ 220,863</u>	<u>\$ 64,877</u>	<u>\$ 12,701</u>	<u>\$ 48,807</u>	<u>\$ 364</u>	<u>\$ 1,503</u>	<u>\$ 5,158</u>	<u>\$ 354,273</u>
December 31, 2022	<u>\$ 220,863</u>	<u>\$ 66,453</u>	<u>\$ 13,052</u>	<u>\$ 55,584</u>	<u>\$ 634</u>	<u>\$ 1,104</u>	<u>\$ 5,173</u>	<u>\$ 362,863</u>

Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2023 and 2022.

No interest was capitalized for the years ended December 31, 2023 and 2022.

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(9) Intangible assets

	Software
Cost:	
As of January 1, 2023	\$ 207,870
Additions	20,424
Disposals and retirements	(624)
Transfer	4,909
Exchange differences	194
As of December 31, 2023	\$ 232,773
As of January 1, 2022	\$ 253,990
Additions	9,581
Disposals and retirements	(56,293)
Transfer	371
Exchange differences	221
As of December 31, 2022	\$ 207,870
Accumulated amortization and impairment:	
As of January 1, 2023	\$ 184,367
Amortization	16,221
Disposals and retirements	(624)
Exchange differences	193
As of December 31, 2023	\$ 200,157
As of January 1, 2022	\$ 221,594
Amortization	18,845
Disposals and retirements	(56,293)
Exchange differences	221
As of December 31, 2022	\$ 184,367
Net carrying amount as of	
December 31, 2023	\$ 32,616
December 31, 2022	\$ 23,503

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The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$ 345	\$ 330
Selling expenses	\$ 315	\$ 598
Administrative expenses	\$ 1,280	\$ 1,076
Research and development expenses	\$ 14,281	\$ 16,841

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 8,075	\$ 5,751

(11) Short-term borrowing

The Company's unused short-term lines of credits amounted to NT\$482,109 thousand and NT\$467,006 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Group.

(12) Provisions

	Warranties
As of January 1, 2023	\$ 1,926
Arising during the period	2,041
Unused provision reversed	(1,589)
Exchange differences	56
As of December 31, 2023	\$ 2,434
Current – December 31, 2023	\$ 2,434
Current – December 31, 2022	\$ 1,926

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

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(13) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	\$ 9,289	\$ 12,730
Other current liabilities	2,966	2,804
Total	\$ 12,255	\$ 15,534

(14) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$19,603 thousand and NT\$18,869 thousand, respectively.

Defined benefit plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company would make up the difference in one appropriation before the end of March the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$1,367 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The weighted average duration of the defined benefits obligation was 17 years and 16 years as of December 31, 2023 and 2022, respectively.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31,	
	2023	2022
Net interest expense on the net defined benefit liabilities (assets)	\$ 212	\$ 165

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	\$ 14,909	\$ 15,959	\$ 22,607
Plan assets at fair value	(2,199)	(798)	(2,416)
Net defined benefit liabilities	\$ 12,710	\$ 15,161	\$ 20,191

Reconciliation of liability (asset) of the defined benefit plan is as follows:

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	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of January 1, 2022	\$ 22,607	\$ (2,416)	\$ 20,191
Interest expense (income)	185	(20)	165
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	172	-	172
Actuarial gains and losses arising from changes in financial assumptions	(1,603)	-	(1,603)
Experience adjustments	735	-	735
Remeasurements of the defined benefit assets	-	(146)	(146)
Subtotal	(696)	(146)	(842)
Payment of benefit obligation	(6,137)	6,137	-
Contributions by employer	-	(4,353)	(4,353)
As of December 31, 2022	15,959	(798)	15,161
Interest expense (income)	223	(11)	212
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,075	-	1,075
Experience adjustments	256	-	256
Remeasurements of the defined benefit assets	-	(22)	(22)
Subtotal	1,331	(22)	1,309
Payment of benefit obligation	(2,604)	2,604	-
Contributions by employer	-	(3,972)	(3,972)
As of December 31, 2023	\$ 14,909	\$ (2,199)	\$ 12,710

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The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.35%	1.40%
Expected rate of salary increases	1.20%	0.80%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	\$ -	\$ (1,183)	\$ -	\$ (1,219)
Discount rate decreases by 0.5%	1,295	-	1,340	-
Expected rate of salary increases by 0.5%	1,290	-	1,341	-
Expected rate of salary decreases by 0.5%	-	(1,190)	-	(1,232)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

## (15) Equity

### A. Common stock

The Company's authorized capital as of December 31, 2023 and 2022 was NT\$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of December 31, 2023 and 2022 was NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.



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B. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 932,723	\$ 932,723
Expired stock options	2,503	2,503
Total	\$ 935,226	\$ 935,226

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. the remaining portion, if applicable, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholders' meeting for approval.

The distributable dividends and bonuses in whole or in part are paid in cash after a resolution was adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

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The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 30% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT\$3, the full stock dividends will be paid.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriation of earnings for 2022 was resolved by the stockholders' meeting held on June 16, 2023, while the appropriation of earnings for 2023 was proposed by the Board of Directors' meeting on March 11, 2024. The details of distribution are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 3,957	\$ 9,200		
Special reserve	(629)	(17,883)		
Common stock-cash dividends	<u>25,974</u>	<u>50,343</u>	\$ 0.35	\$ 0.67
Total	<u>\$ 29,302</u>	<u>\$ 41,660</u>		

Please refer to Note 6(19) for more details on employees' compensations and the remuneration to directors.

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D. Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 1,918	\$ 1,875
Net income attributable to non-controlling interests	255	106
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of foreign operations	(130)	(63)
Ending balance	\$ 2,043	\$ 1,918

(16) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 2,149,733	\$ 2,269,104
Rendering of services	92,709	81,155
Total	\$ 2,242,442	\$ 2,350,259

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 2,149,733	\$ 2,269,104
Rendering of services	92,709	81,155
Total	\$ 2,242,442	\$ 2,350,259
Revenue recognition point:		
At a point in time	\$ 2,158,553	\$ 2,277,485
Satisfies the performance obligation over time	83,889	72,774
Total	\$ 2,242,442	\$ 2,350,259

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B. Contract balances

a. Contract assets – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ 12,015	\$ 1,804	\$ 6,254

The significant changes in the Group's balances of contract assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
The opening balance transferred to trade receivables	\$ (1,804)	\$ (6,254)
Change in the progress of completion	12,021	1,294
(Recognition) reversal of impairment	(6)	510

b. Contract liabilities – current and noncurrent

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	\$ 125,302	\$ 131,916	\$ 106,750
Current	\$ 87,676	\$ 82,482	\$ 58,021
Non-current	\$ 37,626	\$ 49,434	\$ 48,729

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	\$ 39,572	\$ 28,745	\$ 15,988
Rendering of services	85,730	103,171	90,762
Total	\$ 125,302	\$ 131,916	\$ 106,750

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

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	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$ (69,351)	\$ (49,841)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	62,737	75,007

C. Assets recognized from costs to fulfill a contract with customer: None.

(17) Expected credit (gains) losses

	For the years ended December 31,	
	2023	2022
Operating expenses-Expected credit (gains) losses		
Contract assets	\$ 6	\$ (510)
Notes receivable	(36)	35
Trade receivables	(5,107)	7,021
Total	\$ (5,137)	\$ 6,546

Please refer to Note 12(4) for more details on credit risk.

The Group measures the loss allowance of its contract assets, receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivable at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of December 31, 2023 and 2022 are as follows:

A. Finance lease receivables were not overdue and the expected credit loss rate was 0%. Details of carrying amounts are as follows:

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	December 31, 2023	December 31, 2022
Finance lease receivable	\$ 3,344	\$ 3,214
Less: Unearned finance income	(242)	(316)
Subtotal	3,102	2,898
Long-term finance lease receivable	8,317	11,658
Less: Unearned finance income	(247)	(489)
Subtotal	8,070	11,169
Total	\$ 11,172	\$ 14,067

- B. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 12,021	\$ 1,804
Expected credit loss rates	0%~2%	0%
Loss allowance	(6)	-
Total	\$ 12,015	\$ 1,804

- C. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 18,432	\$ 32,777
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696

- D. The Group considers the grouping of trade receivables by counterparties credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

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As of December 31, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	
Gross carrying amount	\$ 326,338	\$ 69,326	\$ 3,234	\$ 1,196	\$ 8,370	\$ 983	\$ 409,447
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	410	162	120	4,183	983	5,858
Total	\$ 326,338	\$ 68,916	\$ 3,072	\$ 1,076	\$ 4,187	\$ -	\$ 403,589

As of December 31, 2022

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	
Gross carrying amount	\$ 402,640	\$ 50,751	\$ 11,928	\$ 3,375	\$ 13,992	\$ 2,558	\$ 485,244
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	572	594	338	6,996	2,558	11,058
Total	\$ 402,640	\$ 50,179	\$ 11,334	\$ 3,037	\$ 6,996	\$ -	\$ 474,186

The movement in the provision for impairment of contract assets, note receivables and trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2023	\$ -	\$ 81	\$ 11,058
Addition (reversal) for the current period	6	(36)	(5,107)
Exchange differences	-	-	(93)
As of December 31, 2023	\$ 6	\$ 45	\$ 5,858
	Contract assets	Notes receivable	Trade receivables
As of January 1, 2022	\$ 510	\$ 46	\$ 3,863
Addition (reversal) for the current period	(510)	35	7,021
Written off	-	-	(129)
Exchange differences	-	-	303
As of December 31, 2022	\$ -	\$ 81	\$ 11,058

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(18) Leases

A. The Group as lessee

The Group leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings and facilities	\$ 61,694	\$ 78,172
Transportation equipment	6,311	4,916
Other equipment	-	16
Total	<u>\$ 68,005</u>	<u>\$ 83,104</u>

During the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Group amounted to NT\$19,491 thousand and NT\$90,046 thousand, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liability	\$ 81,984	\$ 99,013
Current	<u>\$ 26,674</u>	<u>\$ 28,007</u>
Non-current	<u>\$ 55,310</u>	<u>\$ 71,006</u>



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Please refer to Note 6(20)D for the interest expenses on lease liabilities recognized during the years ended December 31, 2023 and 2022, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and facilities	\$ 26,727	\$ 24,526
Transportation equipment	3,348	4,952
Other equipment	16	174
Total	\$ 30,091	\$ 29,652

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$ (3,500)	\$ (2,038)
Income from subleasing right-of-use assets	321	217
Lease modifications losses	(314)	(446)

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to NT\$37,998 thousand and NT\$33,825 thousand, respectively.

**B. The Group as lessor**

The Group subleased a portion of the leased office under a finance lease with a lease term of 5 years. Information on profit or loss in relation to the lease contract is as follows:

The undiscounted lease payments to be received for the remaining years as of December 31, 2023 and 2022 are as follows:

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	December 31, 2023	December 31, 2022
Lease income for finance leases		
Finance income on the net investment in the lease	\$ 321	\$ 217
	December 31, 2023	December 31, 2022
Not later than one year	\$ 3,344	\$ 3,214
Later than one year but not later than two years	3,478	3,344
Later than two years but not later than three years	3,618	3,477
Later than three years but not later than four years	1,221	3,616
Later than four years but not later than five years	-	1,221
Total undiscounted lease payments	\$ 11,661	\$ 14,872
Less: Unearned finance income to finance leases	(489)	(805)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	\$ 11,172	\$ 14,067
Current	\$ 3,102	\$ 2,898
Non-current	\$ 8,070	\$ 11,169

(19) Employment costs

Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 38,447	\$ 386,292	\$ 424,739	\$ 36,005	\$ 360,220	\$ 396,225
Labor and health insurance	4,109	40,405	44,514	3,635	37,449	41,084
Pension	1,849	17,966	19,815	1,756	17,278	19,034
Remuneration to directors	-	7,814	7,814	-	9,843	9,843
Others (Note)	1,767	12,935	14,702	1,622	12,617	14,239
Depreciation	21,100	39,103	60,203	20,281	37,384	57,665
Amortization	345	15,876	16,221	330	18,515	18,845

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

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According to the Company's Article of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2023 and 2022. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2023 were NT\$2,518 thousand and NT\$1,007 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2022 were NT\$5,926 thousand and NT\$2,370 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were accrued on the basis of profit of current year and were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year.

A resolution was approved in a meeting of the Board of Directors held on March 11, 2024 to distribute NT\$2,518 thousand and NT\$1,007 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT\$5,926 thousand and NT\$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

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(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$ 23,534	\$ 1,312
Interest income from financial leases	321	217
Total	\$ 23,855	\$ 1,529

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 551	\$ 279
Others	780	4,398
Total	\$ 1,331	\$ 4,677

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Losses on disposal of property, plant and equipment	\$ (37)	\$ (15)
Foreign exchange (losses) gains	(418)	8,001
Gains on financial assets at fair value through profit or loss	1,238	1,593
Other losses-others	(2,562)	(658)
Lease modifications losses	(314)	(446)
Total	\$ (2,093)	\$ 8,475

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D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on lease liabilities	\$ 2,165	\$ 1,535
Interest expenses on borrowings from bank	60	-
Total	\$ 2,225	\$ 1,535

(21) Components of other comprehensive income

For the year ended December 31, 2023

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	\$ (1,309)	\$ -	\$ 262	\$ (1,047)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,580	-	(316)	1,264
Items that may be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	(924)	-	159	(765)
Total other comprehensive income	\$ (653)	\$ -	\$ 105	\$ (548)

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	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$ 842	\$ -	\$ 842	\$ (169)	\$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	21	(81)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	22,392	-	22,392	(4,491)	17,901
Total other comprehensive income	<u>\$ 23,132</u>	<u>\$ -</u>	<u>\$ 23,132</u>	<u>\$ (4,639)</u>	<u>\$ 18,493</u>

(22) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current income tax payable	\$ 13,870	\$ 13,539
Adjustments in respect of current income tax of prior periods	222	-
Deferred tax expense (income):		
Relating to origination and reversal of temporary differences	(5,516)	3,048
Relating to origination and reversal of tax loss and tax credit	212	6,103
Total income tax expense	<u>\$ 8,788</u>	<u>\$ 22,690</u>

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Income tax recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$ (262)	\$ 169
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	316	(21)
Exchange differences resulting from translating the financial statements of foreign operations	(159)	4,491
Income tax relating to components of other comprehensive income	<u>\$ (105)</u>	<u>\$ 4,639</u>

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	<u>\$ 49,655</u>	<u>\$ 114,127</u>
Tax at parent company statutory income tax rate	\$ 9,931	\$ 22,825
Income tax for undistributed earnings	1,351	-
Tax effect of revenues exempt from taxation	-	(2,910)
Tax effect of expenses not deductible for tax purposes	138	68
Tax effect of deferred tax assets/liabilities	1,646	5,078
Tax effect of statutory rate difference in foreign jurisdiction	188	537
Adjustments in respect of current income tax of prior periods	222	-
Investment tax credits	(3,173)	(4,469)
Others	(1,515)	1,561
Income tax expense (income) recognized in profit or loss	<u>\$ 8,788</u>	<u>\$ 22,690</u>

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C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending Balance
Temporary differences					
Depreciation	\$ 515	\$ (23)	\$ -	\$ 1	\$ 493
Unrealized allowance for inventory obsolescence	1,463	480	-	(5)	1,938
Valuation of financial assets/liabilities at fair value through profit or loss	242	(277)	-	-	(35)
Unrealized exchange (losses) gain	(218)	667	-	-	449
Accrued employee benefits	2,099	(83)	-	1	2,017
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	551	-	(316)	-	235
Unrealized profit on intercompany sales	5,571	(1,758)	-	-	3,813
Bad debts expense	1,844	(1,388)	-	12	468
Provision for warranties	132	(25)	-	-	107
Refund liabilities	1,915	(243)	-	3	1,675
U.S. state tax	98	(47)	-	1	52
Net defined benefit liabilities-noncurrent	2,528	(752)	262	-	2,038
Deferred revenue	3,375	7,120	-	(71)	10,424
Exchange differences resulting from translating the financial statements of foreign operations	1,164	-	159	-	1,323
Investments accounted for using the equity method	(1,391)	1,845	-	-	454
Unused tax credits	10,008	(212)	-	5	9,801
Deferred tax income (expense)		<u>\$ 5,304</u>	<u>\$ 105</u>	<u>\$ (53)</u>	
Net deferred tax assets (liabilities)	<u>\$ 29,896</u>				<u>\$ 35,252</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$ 31,505</u>				<u>\$ 35,287</u>
Deferred tax liabilities	<u>\$ (1,609)</u>				<u>\$ (35)</u>



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For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other		Ending Balance
			comprehensive income	Exchange differences	
Temporary differences					
Depreciation	\$ 436	\$ 32	\$ -	\$ 47	\$ 515
Unrealized allowance for inventory obsolescence	2,207	(750)	-	6	1,463
Valuation of financial assets/liabilities at fair value through profit or loss	(316)	558	-	-	242
Unrealized exchange (losses) gain	137	(355)	-	-	(218)
Accrued employee benefits	2,048	(4)	-	55	2,099
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	-	551
Unrealized profit on intercompany sales	4,060	1,511	-	-	5,571
Bad debts expense	208	1,618	-	18	1,844
Provision for warranties	132	(15)	-	15	132
Refund liabilities	-	1,920	-	(5)	1,915
U.S. state tax	37	57	-	4	98
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	-	2,528
Deferred revenue	3,382	(378)	-	371	3,375
Exchange differences resulting from translating the financial statements of foreign operations	5,655	-	(4,491)	-	1,164
Investments accounted for using the equity method	5,014	(6,405)	-	-	(1,391)
Unused tax credits	14,575	(6,103)	-	1,536	10,008
Deferred tax (expense) income		\$ (9,151)	\$ (4,639)	\$ 2,047	
Net deferred tax assets (liabilities)	\$ 41,639				\$ 29,896
Reflected in balance sheet as follows:					
Deferred tax assets	\$ 41,956				\$ 31,505
Deferred tax liabilities	\$ (317)				\$ (1,609)

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D. The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused balances as of		Expiration year
		December 31, 2023	December 31, 2022	
2018	\$ 32,408	\$ 18,589	\$ 18,589	2038
2019	26,542	26,542	26,542	2039
2023	21,727	21,727	-	2043
		<u>\$ 66,858</u>	<u>\$ 45,131</u>	

E. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the unrecognized deferred tax assets amounted to NT3,456 thousand and NT\$0, respectively.

F. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Group's income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant tax liabilities have not been recognized. The Group has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT\$43,627 thousand and NT\$50,363 thousand, respectively.

G. The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Group is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiaries-UTA	Filed up to 2022
Subsidiaries-UTI	Assessed and approved up to 2021
Subsidiaries-UTJ	Filed up to 2022
Subsidiaries-UTC	Filed up to 2022

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(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Basic earnings per share (NT\$)	\$ 0.54	\$ 1.22
 B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Effect of dilution:		
Employee compensation (in thousands)	125	298
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,223	75,396
Diluted earnings per share (NT\$)	\$ 0.54	\$ 1.21

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

## 7. Related Party Transactions

### Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Artlux Corporation	Substantive related parties
Artlux Inc.	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties
GMI (Shanghai) International Trading Co., Ltd.	Substantive related parties

### Significant transactions with the related parties

#### (1) Sales

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Parent company	\$ 981	\$ 1,507
Substantive related parties	264	2,062
Total	<u>\$ 1,245</u>	<u>\$ 3,569</u>

General payment term:

Domestic: Month-end 30-120 days

Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.

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(2) Purchases

	For the years ended December 31,	
	2023	2022
Parent company	\$ 4,799	\$ 5,833
Other related party	2,091	2,816
Substantive related parties	456	-
Total	\$ 7,346	\$ 8,649

General payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 60-90 days

The purchase price of the parent company, other related party and substantive related parties are based on related party transaction, the payment term is immediate payment to month-end 30 days.

(3) Trade receivables from related parties

	December 31, 2023	December 31, 2022
Parent company	\$ 49	\$ 54

(4) Trade payables to related parties

	December 31, 2023	December 31, 2022
Substantive related parties		
GMI Technology Inc.	\$ 93	\$ -
Other related party	-	45
Parent company	-	25
Total	\$ 93	\$ 70

(5) Other payables from related parties

	December 31, 2023	December 31, 2022
Parent company	\$ 699	\$ 682

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(6) Manufacturing expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 187	\$ 297

(7) Operating expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 8,698	\$ 9,304
Other related party	47	-
Substantive related parties	-	49
Total	\$ 8,745	\$ 9,353

(8) Rental expenses

	For the years ended December 31,	
	2023	2022
Parent company	\$ 1,509	\$ 1,485

The Company leases warehouse and parking space from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis.

(9) Rental income

	For the years ended December 31,	
	2023	2022
Parent company	\$ 293	\$ -

The Company rents office to the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is collected on a monthly basis.

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(10) Other revenue

	For the years ended December 31,	
	2023	2022
Parent company	\$ -	\$ 1

(11) Property transaction

	For the years ended December 31,	
	2023	2022
Parent company	\$ 306	\$ 235
Other related party	58	162
Total	\$ 364	\$ 397

The Group entrusted the related parties to purchase machinery and equipment on behalf of the Group.

(12) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 33,720	\$ 35,646
Post-employment benefits	715	540
Termination benefits	942	-
Total	\$ 35,377	\$ 36,186

## 8. Assets Pledged as Collateral

The following table lists assets of the Group pledged as collateral:

Items	Carrying Amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost-noncurrent	\$ 5,700	\$ 3,249	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,685	1,664	Performance guarantee
Property, plant and equipment-land and building	276,813	278,382	Loan pledge
Total	\$ 284,198	\$ 283,295	

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## 9. Significant Contingencies and Unrecognized Contractual Commitments

- (1) As of December 31, 2023, the Group issued the letters of guarantee through financial institutions in the amount of NT\$3,000 thousand for customs duty and performance guarantee.
- (2) As of December 31, 2023, the Group issued promissory notes in the amount of NT\$7,452 thousand for performance guarantee.
- (3) As of December 31, 2023, the Group's unused letters of credit amounted to NT\$3,095 thousand.

## 10. Losses Due to Major Disasters

None.

## 11. Significant Subsequent Events

None.

## 12. Others

- (1) Categories of financial instruments

### Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$ 5,858	\$ 4,011
Financial assets at fair value through other comprehensive income	29,293	27,713
Financial assets measured at amortized cost (Note 2)	1,345,278	1,429,174
Total	<u>\$ 1,380,429</u>	<u>\$ 1,460,898</u>



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Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading	\$ 208	\$ 1,211
Financial liabilities at amortized cost:		
Trade payables (including related parties)	187,691	246,205
Other payables (including related parties)	137,814	154,375
Lease liabilities (including noncurrent)	81,984	99,013
Deposits received	309	308
<b>Total</b>	<b>\$ 408,006</b>	<b>\$ 501,112</b>

Note:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$5,477 thousand and NT\$4,011 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(6) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables, finance lease receivable (including long-term) and refundable deposits.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk exposures.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

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(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$3,486 thousand and NT\$1,072 thousand, respectively.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposit at variable interest rates. Therefore, the Group expects no fair value and cash flow risks due to significant interest rate fluctuations.

Other risk

The Group's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves certain equity investments according to level of authority.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, trade and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1		Later than 5		
	year	1 to 3 years	4 to 5 years	years	Total
As of December 31, 2023					
Trade payables	\$ 187,691	\$ -	\$ -	\$ -	\$ 187,691
Other payables	137,814	-	-	-	137,814
Lease liability	28,330	56,241	924	-	85,495
Deposits received	-	309	-	-	309
As of December 31, 2022					
Trade payables	\$ 246,205	\$ -	\$ -	\$ -	\$ 246,205
Other payables	154,375	-	-	-	154,375
Lease liability	30,000	63,600	10,246	-	103,846
Deposits received	-	308	-	-	308

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Derivative financial liabilities

	Less than 1			Later than 5		Total
	year	1 to 3 years	4 to 5 years	years		
As of December 31, 2023						
Inflow	\$ 11,643	\$ -	\$ -	\$ -	\$ -	\$ 11,643
Outflow	(11,851)	-	-	-	-	(11,851)
Net	<u>\$ (208)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (208)</u>
As of December 31, 2022						
Inflow	\$ 37,569	\$ -	\$ -	\$ -	\$ -	\$ 37,569
Outflow	(38,780)	-	-	-	-	(38,780)
Net	<u>\$ (1,211)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,211)</u>

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Deposits		Total
	Lease liability	received	
As of January 1, 2023	\$ 99,013	\$ 308	\$ 99,321
Cash flows			
Outflow	(32,333)	-	(32,333)
Non-cash flows	15,304	1	15,305
As of December 31, 2023	<u>\$ 81,984</u>	<u>\$ 309</u>	<u>\$ 82,293</u>

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Reconciliation of liabilities for the year ended December 31, 2022:

	Lease liability	Deposits received	Total
As of January 1, 2022	\$ 36,897	\$ 20	\$ 36,917
Cash flows			
Inflow	-	307	307
Outflow	(30,252)	(18)	(30,270)
Non-cash flows	92,368	(1)	92,367
As of December 31, 2022	<u>\$ 99,013</u>	<u>\$ 308</u>	<u>\$ 99,321</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, financial instruments measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the underlying investment's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.

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- d. Fair value of debt instruments without market quotations, finance lease receivables, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 are as follows:

Forward exchange contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

Items	Contract amount	Maturity period
As of December 31, 2023		
Forward exchange contracts	Sell EUR 768 thousand	From January 8, 2024 to February 23, 2024
Forward exchange contracts	Sell JPY 117,900 thousand	From January 8, 2024 to March 15, 2024
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3, 2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3, 2023 to March 31, 2023

The Group entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

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(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 381	\$ -	\$ 381
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	29,293	29,293
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	208	-	208



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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Preferred stocks	\$ -	\$ -	\$ 27,713	\$ 27,713
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2023	\$ 27,713
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	1,580
As of December 31, 2023	\$ 29,293

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	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2022	\$ 27,815
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	102
As of December 31, 2022	\$ 27,713

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	19.48%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group’s equity by NT\$(1,512)/NT\$1,512 thousand

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As of December 31, 2022

Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:				
At fair value through other comprehensive income				
Preferred stocks	Income approach	Discount for lack of marketability 22.09%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$(1,423)/NT\$1,423 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

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	As of December 31, 2023		
	Foreign currencies	Foreign exchange	NT\$ (thousand)
	(thousand)	rate	
<u>Financial assets</u>			
Monetary items:			
USD	\$ 13,992	30.71	\$ 429,687
EUR	60	34.01	2,025
JPY	33,562	0.2175	7,300
AUD	33	21.00	684

Financial liabilities

Monetary items:			
USD	\$ 2,642	30.71	\$ 81,122

	As of December 31, 2022		
	Foreign currencies	Foreign exchange	NT\$ (thousand)
	(thousand)	rate	
<u>Financial assets</u>			
Monetary items:			
USD	\$ 5,564	30.70	\$ 170,827
EUR	155	32.74	5,069
CNY	50	4.409	218

Financial liabilities

Monetary items:			
USD	\$ 2,071	30.70	\$ 63,579
CNY	240	4.409	1,058

As there are several types of foreign currency transactions within the Group, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (losses) gains were NT\$(418) thousand and NT\$8,001 thousand for the years ended December 31, 2023 and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

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(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### 13. Other Disclosure

(1) Information related to significant transactions

- A. Financing provided to others for the year ended December 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 2.

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- H. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2023: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 12(8).
- J. Other: Intercompany relationships and significant intercompany transactions: Please refer to Attachment 3.

(2) Information on investees

Names, locations, main business activities, original investment amount, shareholding at the end of the period, net income or loss for the period, and recognized investment income or loss of investees over which the Company has direct or indirect significant influence or control (excluding information on investment in Mainland China): Please refer to Attachment 4 and Attachment 4-1.

(3) Information on investments in Mainland China

- A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.
- B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:
  - a. The amount and percentage of sales and the balance and percentage of the related receivables with Xiamen Unitech Co., Ltd. at the end of the period:
    - (a) The sales amounted to NT\$43,250 thousand representing 2.31% of the net sales. (Note)
    - (b) The receivables amounted to NT\$22,621 thousand representing 6.30% of the total receivables. (Note)

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b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The purchases amounted to NT\$34,763 thousand representing 2.75% of the net purchases. (Note)

(b) The payables amounted to NT\$7,209 thousand representing 3.87% of the total payables. (Note)

Note: The aforementioned ratios were calculated based on the individual financial statements of Unitech Electronics Co., Ltd.

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 6.

#### **14. Segment Information**

(1) The Group principally engaged in the development, manufacture and sale of automatic identification data capture product and related businesses. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Group is aggregated into a single segment.

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(2) Geographical information

A. Revenue from external customers

	For the years ended December 31,	
	2023	2022
Asia	\$ 1,440,267	\$ 1,389,937
America	420,926	548,822
Europe	379,577	408,777
Oceania	1,672	2,723
Total	<u>\$ 2,242,442</u>	<u>\$ 2,350,259</u>

Revenue is classified by customers' countries.

B. Non-current assets:

	December 31, 2023	December 31, 2022
Taiwan	\$ 406,088	\$ 405,618
United States	36,659	47,753
Netherlands	17,002	14,570
Japan	2,292	5,213
China	928	2,067
Total	<u>\$ 462,969</u>	<u>\$ 475,221</u>

(3) Major customers

For the years ended December 31, 2023 and 2022, no sales to an individual customer reached more than 10% of the Group's consolidated operating revenue.



Attachment 1

Securities held as of December 31, 2023 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2023				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artlux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	\$ 29,293	1.09%	\$ 29,293	-

Related party transactions for purchases and sales amounts exceeding NT\$100 million or 20 percent of the capital stock (Eliminated when preparing the consolidated financial statements)

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/Sales (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)(Note)	
The Company	Unitech America Inc. ("UTA")	Investments accounted for using the equity method	Sales	\$ 239,684	12.82%	30 days after Invoice date	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.	\$ 35,899	10.00 %	-
The Company	Unique Technology Europe B.V. ("UTI")	Investments accounted for using the equity method	Sales	214,340	11.47%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTI is based on related party transaction, the payment term is month-end 90 days.	37,748	10.51 %	-
The Company	Unitech Japan Co., Ltd. ("UTJ")	Investments accounted for using the equity method	Sales	106,755	5.71%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTJ is based on related party transaction, the payment term is month-end 90 days.	25,940	7.23 %	-

Note: The above ratios are calculated based on the purchases/sales company's individual financial statements.

## Attachment 3

Intercompany relationships and significant intercompany transactions (all have been written off in the consolidated financial statements) (Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	\$ 239,684	30 dadys after invoice date	10.69%
"	"	"	"	Trade receivables	35,899	"	1.51%
"	"	"	"	Operating cost	4,418	Month-end 30 days	0.20%
"	"	UTI	1	Operating revenue	214,340	Month-end 90 days	9.56%
"	"	"	"	Trade receivables	37,748	"	1.59%
"	"	UTJ	1	Operating revenue	106,755	Month-end 90 days	4.76%
"	"	"	"	Trade receivables	25,940	"	1.09%
"	"	UTC	1	Operating revenue	43,250	Month-end 90 days	1.93%
"	"	"	"	Trade receivables	22,621	"	0.95%
"	"	"	"	Operating cost	34,763	Month-end 30 days	1.55%
"	"	"	"	Trade payables	7,209	"	0.30%

Note 1: The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

- (1) The parent company is coded 0.
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to sub-subsidiaries.
- (3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“ UAV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	\$ 193,320	\$ (18,014)	\$ (18,892)	
	Unitech Europe Ventures Inc. (“ UEV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	78,358	8,156	7,675	
	Unitech Industries Holding Inc. (“ UIH ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	46,678	6,098	6,056	
	Unitech Japan Co., Ltd. (“ UTJ ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	TWD 5,384	TWD 5,384	152	10.86 %	6,211	7,127	774	
	Unitech Asia Ventures Inc. (“ UCV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	17,442	(4,482)	(4,838)	

Note 1 :If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 :If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of “ Investee Company”, “ Location”, “ Main business”, “ Original investment amount”, and “Shares held as at December 31, 2023” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2) The “Net profit (loss) of the investee for this period” column should fill in amount of net profit (loss) of the investee for this period.
- (3) The “Investment income (loss) recognized by the Company for the year ended December 31, 2023” column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Names, locations and related information of investee (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. (* UAV* )	Unitech America Holding Inc. (* UAH* )	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech America Holding Inc. (* UAH* )	Unitech America Inc. (* UTA* )	6182 Katella Ave Cypress,CA 90630, USA	Trading of auto identification data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech Europe Ventures Inc. (* UEV* )	Unitech Europe Holding Inc. (* UEH* )	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Europe Holding Inc. (* UEH* )	Unique Technology Europe B.V. (* UTI* )	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto identification data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Japan Holding Inc. (* UJH* )	Unitech Japan Co., Ltd. (* UTJ* )	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	JPY 214,598,269	JPY 32,066,965	JPY 27,412,589	
Unitech Asia Ventures Inc. (* UCV* )	Unitech Industries Holding Inc. (* UIH* )	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00 %	USD 4,030,623	USD (1,025,215)	USD (1,106,042)	

Note 1 :If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 :If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of " Investee Company", " Location", " Main business", " Original investment amount", and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "footnote" column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the year ended December 31, 2023" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

## Attachment 5

## Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto identification data capture products	USD 3,419,200	(Note 1 (2)) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ (4,482)	100.00%	\$ (4,838) CNY (1,106,062) (Note 2 (2)B)	\$ 17,387 CNY 4,018,018 (Note 2 (2)B)	\$ 31,038 USD 977,409

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 109,332	\$ 139,348	\$ 1,086,942
USD (3,560,132)	USD (4,537,541)	

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
- (3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) The basis of recognition of investment income is classified into following three types, which should be marked out.
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
  - C. Others: financial statements were not audited by accountants.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

## Attachment 6

### Information on major shareholders

Name of major shareholder information	Shares	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.		30,039,000	40.00%
G.M.I. Technology Inc.		9,559,000	12.72%

Note 1: The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.

Note 2: If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

**10.2 A Parent Company Only Financial Statement for the most recent fiscal year, certified by a CPA**

English Translation of a Report and Financial Statements Originally Issued in Chinese

**UNITECH ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY**

**FINANCIAL STATEMENTS**

**WITH**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2023 AND 2022**

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.



## Financial Statements

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Independent Auditors' Report Translated from Chinese

**Independent Auditors' Report**

To Unitech Electronics Co., Ltd.

**Opinion**

We have audited the accompanying parent company only balance sheets of Unitech Electronics Co., Ltd. as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Unitech Electronics Co., Ltd. as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Unitech Electronics Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

Unitech Electronics Co., Ltd. recognized NT\$1,869,396 thousand as operating revenues which mainly stemmed from the sale of automatic identification data capture products for the year ended December 31, 2023. Sale of automatic identification data capture products is the main operating activity of Unitech Electronics Co., Ltd. The revenue was recognized when Unitech Electronics Co., Ltd. has transferred the promised goods to its customers and satisfied its performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; and reviewing the significant returns and allowances in subsequent periods, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4(18) and Note 6(15) to the parent company only financial statements.

### Inventory evaluation

The Company had net inventory of NT\$303,652 thousand, representing 14.03% of total assets as of December 31, 2023. Due to the rapid change of technology of automatic identification data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management's judgement, we therefore determined this matter as a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories; and testing the accuracy of inventory aging, etc. We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4(10), Note 5(2), and Note 6(7) to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of Unitech Electronics Co., Ltd., disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Unitech Electronics Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Unitech Electronics Co., Ltd.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Unitech Electronics Co., Ltd.
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 ability to continue as a going concern of Unitech Electronics Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Unitech Electronics Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Unitech Electronics Co., Ltd. and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

March 11, 2024

#### Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

## UNITECH ELECTRONICS CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022	
Code	Description	Notes	Amount	%	Amount	%	Code	Description	Notes	Amount	%	Amount	%
	<b>Current assets</b>							<b>Current liabilities</b>					
1100	Cash and cash equivalents	4, 6(1)	\$ 180,437	8.34	\$ 633,481	28.65	2120	Financial liabilities at fair value through					
1110	Financial assets at fair value through							profit or loss-current	4, 6(2)	\$ 208	0.01	\$ 1,211	0.05
	profit or loss-current	4, 6(2)	381	0.02	-	-	2130	Contract liabilities-current	4, 6(15)	30,190	1.39	12,752	0.57
1136	Financial assets measured at amortized cost-current	4, 6(4)	399,230	18.45	-	-	2150	Notes payable		3,375	0.16	9,648	0.44
1140	Contract assets-current	4, 6(15), 6(16)	12,015	0.55	1,804	0.08	2170	Trade payables	7	183,115	8.46	195,748	8.85
1150	Notes receivable, net	4, 6(5), 6(16)	18,387	0.85	32,696	1.48	2200	Other payables	7	108,721	5.02	125,947	5.70
1170	Trade receivables, net	4, 6(6), 6(16)	218,355	10.09	269,371	12.19	2230	Current tax liabilities	4, 6(21)	-	-	10,333	0.47
1180	Trade receivables from related parties, net	4, 6(6), 6(16), 7	122,257	5.65	74,817	3.39	2280	Lease liabilities-current	4, 6(17)	7,059	0.33	7,691	0.35
1200	Other receivables		12,856	0.59	2,521	0.11	2300	Other current liabilities		2,278	0.11	2,177	0.10
1220	Current tax assets	4, 5, 6(21)	1,275	0.06	9	-	21xx	Total current liabilities		334,946	15.48	365,507	16.53
130x	Inventories, net	4, 5, 6(7)	303,652	14.03	343,505	15.54		<b>Non-current liabilities</b>					
1410	Prepayments		67,630	3.12	36,905	1.67		Deferred tax liabilities	4, 5, 6(21)	35	-	1,609	0.07
11xx	Total current assets		1,336,475	61.75	1,395,109	63.11	2570	Lease liabilities-noncurrent	4, 6(17)	6,793	0.31	8,431	0.38
	<b>Non-current assets</b>						2640	Net defined benefit liabilities-noncurrent	4, 6(13)	12,710	0.59	15,161	0.69
1517	Financial assets at fair value through other						2645	Deposits received		1	-	1	-
	comprehensive income-noncurrent	4, 5, 6(3)	29,293	1.35	27,713	1.25	25xx	Total non-current liabilities		19,539	0.90	25,202	1.14
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	7,385	0.34	4,913	0.22	2xxx	<b>Total liabilities</b>		354,485	16.38	390,709	17.67
1550	Investments accounted for using the equity method	4, 6(8)	342,009	15.80	344,326	15.58		<b>Equity</b>					
1600	Property, plant and equipment	4, 6(9), 7, 8	351,783	16.25	360,483	16.30		Share capital					
1755	Right-of-use assets	4, 6(17)	13,619	0.63	15,927	0.72	3100	Common stock	6(14)	750,975	34.70	750,975	33.97
1780	Intangible assets	4, 6(10)	32,610	1.51	23,457	1.06	3110	Capital surplus	4, 6(14)	935,226	43.21	935,226	42.31
1840	Deferred tax assets	4, 5, 6(21)	7,368	0.34	7,440	0.34	3200	Retained earnings	6(14)				
1920	Refundable deposits		35,733	1.65	25,604	1.16	3300	Legal reserve		33,126	1.53	23,926	1.08
1900	Other non-current assets	4, 6(11)	8,075	0.37	5,751	0.26	3320	Special reserve		23,142	1.07	41,025	1.86
15xx	Total non-current assets		827,875	38.25	815,614	36.89	3350	Undistributed earnings		89,909	4.15	92,004	4.16
								Total retained earnings		146,177	6.75	156,955	7.10
								Other equity	4	(22,513)	(1.04)	(23,142)	(1.05)
1xxx	<b>Total assets</b>		\$ 2,164,350	100.00	\$ 2,210,723	100.00	3xxx	Total equity		1,809,865	83.62	1,820,014	82.33
							3x2x	<b>Total liabilities and equity</b>		\$ 2,164,350	100.00	\$ 2,210,723	100.00

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

## UNITECH ELECTRONICS CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	2023		2022	
			Amount	%	Amount	%
4000	<b>Operating revenue</b>	4, 6(15), 7	\$ 1,869,396	100.00	\$ 1,872,860	100.00
5000	<b>Operating cost</b>	6(7), 6(10), 6(18), 7	(1,416,140)	(75.75)	(1,383,794)	(73.89)
5900	<b>Gross profit</b>		453,256	24.25	489,066	26.11
5910	<b>Unrealized intercompany profit</b>		(16,501)	(0.88)	(24,203)	(1.29)
5920	<b>Realized intercompany profit</b>		24,203	1.29	17,632	0.94
	<b>Gross profit, net</b>		460,958	24.66	482,495	25.76
6000	<b>Operating expenses</b>					
6100	Selling expenses	6(10), 6(17), 6(18), 7	(204,709)	(10.95)	(195,032)	(10.41)
6200	Administrative expenses	6(10), 6(17), 6(18), 7	(74,875)	(4.01)	(80,416)	(4.29)
6300	Research and development expenses	6(10), 6(17), 6(18), 7	(150,186)	(8.03)	(137,756)	(7.36)
6450	Expected credit gains (losses)	4, 6(16)	698	0.04	(1,720)	(0.09)
	Total operating expenses		(429,072)	(22.95)	(414,924)	(22.15)
6900	<b>Operating income</b>		31,886	1.71	67,571	3.61
7000	<b>Non-operating income and expenses</b>	6(19), 7				
7100	Interest income		23,147	1.24	1,165	0.06
7010	Other income		1,107	0.06	398	0.02
7020	Other gains and losses		255	0.01	9,329	0.50
7050	Finance costs		(330)	(0.02)	(259)	(0.01)
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method		(9,225)	(0.49)	32,024	1.71
	Total non-operating income and expenses		14,954	0.80	42,657	2.28
7900	<b>Income before income tax</b>		46,840	2.51	110,228	5.89
7950	<b>Income tax expense</b>	4, 5, 6(21)	(6,228)	(0.34)	(18,897)	(1.01)
8200	<b>Net income</b>		40,612	2.17	91,331	4.88
8300	<b>Other comprehensive income (loss)</b>	6(20)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		(1,309)	(0.07)	842	0.05
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		1,580	0.08	(102)	(0.01)
8349	Income tax relating to those items that will not be reclassified to profit or loss		(54)	-	(148)	(0.01)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of foreign operations		(794)	(0.04)	22,455	1.20
8399	Income tax relating to those items that may be reclassified to profit or loss		159	0.01	(4,491)	(0.24)
	<b>Other comprehensive income (loss), net of income tax</b>		(418)	(0.02)	18,556	0.99
8500	<b>Total comprehensive income</b>		\$ 40,194	2.15	\$ 109,887	5.87
	<b>Earnings per share (NT\$)</b>					
9750	Basic earnings per share	4, 6(22)	\$ 0.54		\$ 1.22	
9850	Diluted Earnings Per Share	4, 6(22)	\$ 0.54		\$ 1.21	

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



English Translation of Financial Statements Originally Issued in Chinese

**UNITECH ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

**For the years ended December 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Share capital		Retained earnings			Other equity		Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	
		3110	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2022	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	\$ 1,741,285
	Appropriation and distribution of 2021 earnings:								
B1	Legal reserve	-	-	5,064	-	(5,064)	-	-	-
B3	Recognition of special reserve	-	-	-	14,419	(14,419)	-	-	-
B5	Cash dividends	-	-	-	-	(31,158)	-	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887
Z1	Balance as of December 31, 2022	<u>\$ 750,975</u>	<u>\$ 935,226</u>	<u>\$ 23,926</u>	<u>\$ 41,025</u>	<u>\$ 92,004</u>	<u>\$ (20,939)</u>	<u>\$ (2,203)</u>	<u>\$ 1,820,014</u>
A1	Balance as of January 1, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014
	Appropriation and distribution of 2022 earnings:								
B1	Legal reserve	-	-	9,200	-	(9,200)	-	-	-
B5	Cash dividends	-	-	-	-	(50,343)	-	-	(50,343)
B17	Reversal of special reserve	-	-	-	(17,883)	17,883	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	40,612	-	-	40,612
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(1,047)	(635)	1,264	(418)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	39,565	(635)	1,264	40,194
Z1	Balance as of December 31, 2023	<u>\$ 750,975</u>	<u>\$ 935,226</u>	<u>\$ 33,126</u>	<u>\$ 23,142</u>	<u>\$ 89,909</u>	<u>\$ (21,574)</u>	<u>\$ (939)</u>	<u>\$ 1,809,865</u>

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

## UNITECH ELECTRONICS CO., LTD.

## PARENT COMPANY ONLY STATEMENT OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Description		2023	2022	Description		2023	2022
		Amount	Amount			Amount	Amount
AAAA	<b>Cash flows from operating activities :</b>			BBBB	<b>Cash flows from investing activities :</b>		
A10000	Net income before income tax	\$ 46,840	\$ 110,228	B00040	Acquisition of financial assets at amortized cost	(404,972)	-
A20000	Adjustments for:			B00060	Proceeds from redemption of financial assets measured at amortized cost	3,270	445
A20010	Profit or loss item which did not affect cash flows:			B00100	Acquisition of financial assets at fair value through profit or loss	-	(60,000)
A20100	Depreciation	38,223	37,190	B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	301,296
A20200	Amortization	16,180	18,668	B02700	Acquisition of property, plant and equipment	(20,154)	(30,900)
A20300	Expected credit (gains) losses	(698)	1,720	B02800	Proceeds from disposal of property, plant and equipment	1,535	-
A20400	(Gains) losses on financial assets and liabilities at fair value through profit or loss	(1,384)	1,498	B03700	Increase in refundable deposits	(19,093)	(22,765)
A20900	Interest expense	330	259	B03800	Decrease in refundable deposits	8,964	16,887
A21200	Interest income	(23,147)	(1,165)	B04500	Acquisition of intangible assets	(20,424)	(9,581)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using the equity method	9,225	(32,024)	B07100	Increase in prepayments for equipment	(9,110)	(5,691)
A22500	Gains on disposal of property, plant and equipment	(89)	-	BBBB	Net cash (used in) provided by investing activities	(459,984)	189,691
A23900	Unrealized intercompany profit	16,501	24,203				
A24000	Realized intercompany profit	(24,203)	(17,632)	CCCC	<b>Cash flows from financing activities :</b>		
A30000	Changes in operating assets and liabilities:			C04020	Cash payment for the principal portion of the lease liabilities	(8,900)	(9,986)
A31125	(Increase) decrease in contract assets	(10,217)	4,960	C04500	Cash dividends	(50,343)	(31,158)
A31130	Decrease (increase) in notes receivable, net	14,345	(14,274)	CCCC	Net cash used in financing activities	(59,243)	(41,144)
A31150	Decrease (increase) in trade receivables, net	51,684	(25,641)				
A31160	(Increase) decrease in trade receivables from related parties, net	(47,440)	12,629	EEEE	Net (decrease) increase in cash and cash equivalents	(453,044)	285,898
A31180	Decrease (increase) in other receivables	247	(176)	E00100	Cash and cash equivalents at the beginning of the year	633,481	347,583
A31200	Decrease (increase) in inventories	39,853	(12,670)	E00200	Cash and cash equivalents at the end of the year	\$ 180,437	\$ 633,481
A31230	(Increase) decrease in prepayments	(30,725)	49,086				
A32125	Increase in contract liabilities	17,438	6,839				
A32130	(Decrease) increase in notes payable	(6,273)	6,911				
A32150	Decrease in trade payables	(12,633)	(48,799)				
A32180	(Decrease) increase in other payables	(17,226)	16,467				
A32230	Increase (decrease) in other current liabilities	101	(48)				
A32240	Decrease in net defined benefit liabilities	(3,760)	(4,188)				
A33000	Cash generated from operating activities	73,172	134,041				
A33100	Interest received	12,565	1,165				
A33300	Interest paid	(330)	(259)				
A33500	Income tax (paid) refunded	(19,224)	2,404				
AAAA	Net cash provided by operating activities	66,183	137,351				

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

English Translation of Financial Statements Originally Issued in Chinese  
UNITECH ELECTRONICS CO., LTD.  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

## **1. History and Organization**

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer Co., Ltd. carved out its automatic identification data division, with the business value of \$900,000 thousand, and established Unitech Electronics Co., Ltd. (“the Company”). The Company issued 40,000 thousand shares of common stock, with a par value of NT\$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic identification data capture product and related businesses.

The Company’s shares had been listed and traded in the Taipei Exchange (TPEX) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company’s registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company’s parent company, which is also the ultimate controller of the group to which the Company belongs to.

## **2. Date and Procedures of Authorization of Financial Statements for Issue**

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on March 11, 2024.

## **3. Newly Issued or Revised Standards and Interpretations**

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Company.

#### **4. Summary of Significant Accounting Policies**

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

According to Article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is accounted as equity transactions, no gains or losses are recognized. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

- A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. the Company holds the asset primarily for the purpose of trading.
- C. the Company expects to realize the asset within twelve months after the reporting period.
- D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



A liability is classified as current when:

- A. the Company expects to settle the liability in its normal operating cycle.
- B. the Company holds the liability primarily for the purpose of trading.
- C. the liability is due to be settled within twelve months after the reporting period.
- D. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with contract periods within three months).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. the Company's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost, and other receivables, etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

#### Financial assets at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

## B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. for accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. for lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the asset have expired.
- b. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if:

- a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventory

Inventory is initially stated at acquisition cost. Cost is measured using the standard cost method. Standard costing considers the normal level of raw materials, labor, efficiency and equipment production capacity, and the Company regularly reviews and adjusts standard costing according to the current situation.

Inventory is subsequently valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

According to Article 21 of the Regulations, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” and change in value will be adjusted to comply with the Regulations. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference, according to IFRS10 Consolidated Financial Statements and the different IFRSs adopted from different reporting entity’s perspectives, of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under “investments accounted for using the equity method”, or “share of profit of subsidiaries, associates, and joint venture accounted for using the equity method”, “share of other comprehensive income of subsidiaries, associates, and joint venture accounted for using the equity method.”

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.



Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

<u>Item</u>	<u>Economic lives</u>
Buildings and facilities	2~55 years
Machinery equipment	3~10 years
Tooling equipment	2~10 years
Transportation equipment	5 years
Office equipment	5~6 years
Leasehold improvement	3~5 years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use assets and lease liabilities for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liabilities on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liabilities;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Software

The Company's intangible assets are software measured on initial recognition at cost. The cost of the software is amortized on a straight-line basis over the estimated useful life (3~10 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Software</u>
Economic lives	Finite
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(18) Revenue recognition

The Company's revenue arising from contracts with customers primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is automatic identification data capture products and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experiences, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized for the expected volume discounts during the period the contract specifies.

The Company provides its customers with a warranty for its products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. Part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities which are transferred to revenue after the performance obligations are satisfied. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

### Rendering of services

Revenue from the rendering of services primarily comes from maintenance and warranty services. Such services are separately priced, negotiated and provided based on contract period. Where the warranty service has not been provided and the customer has paid the consideration in advance, these amounts are recognized as contract liabilities. As the Company provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

#### (19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

#### (20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.



Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## **5. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below:

#### (1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

#### (2) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventory to net realizable value.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(22) for more details on unrecognized deferred tax assets as of December 31, 2023.

## 6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash		
Cash on hand	\$ 412	\$ 580
Checking and savings accounts	180,025	632,901
Total	<u>\$ 180,437</u>	<u>\$ 633,481</u>

(2) Financial assets and liabilities at fair value through profit or loss-current

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Forward exchange contracts	\$ 381	\$ -
<u>Financial liabilities</u>		
Held for trading:		
Forward exchange contracts	\$ 208	\$ 1,211

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

(3) Financial assets at fair value through other comprehensive income-noncurrent

	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	\$ 29,293	\$ 27,713

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits-current	\$ 399,230	\$ -
Time deposits-noncurrent	7,385	4,913
Total	\$ 406,615	\$ 4,913

The Company classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(5) Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 18,432	\$ 32,777
Less: loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12(4) for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	December 31, 2023	December 31, 2022
Trade receivables	\$ 222,724	\$ 274,408
Less: loss allowance	(4,369)	(5,037)
Subtotal	218,355	269,371
Trade receivables from related parties	122,257	74,817
Less: loss allowance	-	-
Subtotal	122,257	74,817
Total	\$ 340,612	\$ 344,188

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT\$344,981 thousand and NT\$349,225 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(16) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

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(7) Inventories

A. Inventories, net including:

	December 31, 2023	December 31, 2022
Raw materials	\$ 40,337	\$ 40,263
Work in process	37,926	45,804
Semi-finished goods	89,462	88,819
Finished goods	80,918	96,952
Merchandise inventories	55,009	71,667
Net amount	<u>\$ 303,652</u>	<u>\$ 343,505</u>

B. The cost of inventories recognized in expenses amounted to NT\$1,416,140 thousand and NT\$1,383,794 thousand for the years ended December 31, 2023 and 2022, respectively, including the reversal of write-down of inventories of NT\$237 thousand and NT\$4,579 thousand, respectively, mainly as a result of inventory consumption.

C. Inventories were not pledged.

(8) Investments accounted for using the equity method

Investee Company	December 31, 2023		December 31, 2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries				
Unitech America Ventures Inc. (UAV)	\$ 193,320	100.00%	\$ 207,822	100.00%
Unitech Europe Ventures Inc. (UEV)	78,358	100.00%	65,877	100.00%
Unitech Japan Holding Inc. (UJH)	46,678	100.00%	43,566	100.00%
Unitech Asia Ventures Inc. (UCV)	17,442	100.00%	21,229	100.00%
Unitech Japan Co., Ltd. (UTJ)	6,211	10.86%	5,832	10.86%
Subtotal	<u>\$ 342,009</u>		<u>\$ 344,326</u>	

Investments in subsidiaries were reported as “Investments accounted for using the equity method” in parent company only financial statements with necessary valuation adjustments.

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(9) Property, plant and equipment

	December 31, 2023		December 31, 2022					
Owner-occupied property, plant and equipment	\$ 351,783		\$ 360,483					
	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost :								
As of January 1, 2023	\$ 220,863	\$ 112,616	\$ 73,242	\$ 218,598	\$ 2,876	\$ 4,620	\$ 10,181	\$ 642,996
Additions	-	997	3,999	13,157	-	202	1,799	20,154
Disposals and retirements	-	(5,068)	(1,902)	(25,457)	-	(305)	(1,391)	(34,123)
Transfers	-	-	-	1,877	-	-	-	1,877
As of December 31, 2023	<u>\$ 220,863</u>	<u>\$ 108,545</u>	<u>\$ 75,339</u>	<u>\$ 208,175</u>	<u>\$ 2,876</u>	<u>\$ 4,517</u>	<u>\$ 10,589</u>	<u>\$ 630,904</u>
Cost:								
As of January 1, 2022	\$ 220,863	\$ 105,437	\$ 66,175	\$ 233,803	\$ 2,876	\$ 4,620	\$ 9,475	\$ 643,249
Additions	-	5,512	8,992	15,251	-	-	1,145	30,900
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
Transfers	-	1,667	-	1,103	-	-	-	2,770
As of December 31, 2022	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 73,242</u>	<u>\$ 218,598</u>	<u>\$ 2,876</u>	<u>\$ 4,620</u>	<u>\$ 10,181</u>	<u>\$ 642,996</u>
Depreciation and impairment:								
As of January 1, 2023	\$ -	\$ 46,163	\$ 60,267	\$ 163,014	\$ 2,242	\$ 4,583	\$ 6,244	\$ 282,513
Depreciation	-	2,573	4,185	20,466	270	19	1,772	29,285
Disposals and retirements	-	(5,068)	(1,802)	(24,112)	-	(304)	(1,391)	(32,677)
As of December 31, 2023	<u>\$ -</u>	<u>\$ 43,668</u>	<u>\$ 62,650</u>	<u>\$ 159,368</u>	<u>\$ 2,512</u>	<u>\$ 4,298</u>	<u>\$ 6,625</u>	<u>\$ 279,121</u>
As of January 1, 2022	\$ -	\$ 43,770	\$ 59,301	\$ 174,295	\$ 1,844	\$ 4,572	\$ 5,527	\$ 289,309
Depreciation	-	2,393	2,891	20,278	398	11	1,156	27,127
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
As of December 31, 2022	<u>\$ -</u>	<u>\$ 46,163</u>	<u>\$ 60,267</u>	<u>\$ 163,014</u>	<u>\$ 2,242</u>	<u>\$ 4,583</u>	<u>\$ 6,244</u>	<u>\$ 282,513</u>
Net carrying amount as of :								
December 31, 2023	<u>\$ 220,863</u>	<u>\$ 64,877</u>	<u>\$ 12,689</u>	<u>\$ 48,807</u>	<u>\$ 364</u>	<u>\$ 219</u>	<u>\$ 3,964</u>	<u>\$ 351,783</u>
December 31, 2022	<u>\$ 220,863</u>	<u>\$ 66,453</u>	<u>\$ 12,975</u>	<u>\$ 55,584</u>	<u>\$ 634</u>	<u>\$ 37</u>	<u>\$ 3,937</u>	<u>\$ 360,483</u>

Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2023 and 2022.

No interest was capitalized for the years end December 31, 2023 and 2022.

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(10) Intangible assets

	Software	
Cost:		
As of January 1, 2023	\$	202,590
Additions		20,424
Disposals and retirements		(624)
Transfer		4,909
As of December 31, 2023	\$	227,299
As of January 1, 2022	\$	248,823
Additions		9,581
Disposals and retirements		(56,185)
Transfer		371
As of December 31, 2022	\$	202,590
Accumulated amortization and impairment:		
As of January 1, 2023	\$	179,133
Amortization		16,180
Disposals and retirements		(624)
As of December 31, 2023	\$	194,689
As of January 1, 2022	\$	216,650
Amortization		18,668
Disposals and retirements		(56,185)
As of December 31, 2022	\$	179,133
Net carrying amount as of:		
December 31, 2023	\$	32,610
December 31, 2022	\$	23,457

The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$ 345	\$ 330
Selling expenses	\$ 274	\$ 421
Administrative expenses	\$ 1,280	\$ 1,076
Research and development expenses	\$ 14,281	\$ 16,841



(11) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 8,075	\$ 5,751

(12) Short-term borrowings

The Company's unused short-term lines of credits amounted to NT\$482,109 thousand and NT\$467,006 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Company.

(13) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$13,750 thousand and NT\$13,075 thousand, respectively.

Defined benefit plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company would make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$1,367 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The weighted average duration of the defined benefits obligation was 17 years and 16 years as of December 31, 2023 and 2022, respectively.

Pension costs recognized in profit or loss are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Net interest expense on the net defined benefit liabilities (assets)	\$ 212	\$ 165

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	<u>December 31,</u>	<u>December 31,</u>	<u>January 1,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Defined benefit obligation	\$ 14,909	\$ 15,959	\$ 22,607
Plan assets at fair value	(2,199)	(798)	(2,416)
Net defined benefit liabilities	\$ 12,710	\$ 15,161	\$ 20,191

Reconciliation of liability (asset) of the defined benefit plan is as follows:

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	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of January 1, 2022	\$ 22,607	\$ (2,416)	\$ 20,191
Interest expense (income)	185	(20)	165
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	172	-	172
Actuarial gains and losses arising from changes in financial assumptions	(1,603)	-	(1,603)
Experience adjustments	735	-	735
Remeasurements of the defined benefit assets	-	(146)	(146)
Subtotal	(696)	(146)	(842)
Payment of benefit obligation	(6,137)	6,137	-
Contributions by employer	-	(4,353)	(4,353)
As of December 31, 2022	15,959	(798)	15,161
Interest expense (income)	223	(11)	212
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,075	-	1,075
Experience adjustments	256	-	256
Remeasurements of the defined benefit assets	-	(22)	(22)
Subtotal	1,331	(22)	1,309
Payment of benefit obligation	(2,604)	2,604	-
Contributions by employer	-	(3,972)	(3,972)
As of December 31, 2023	\$ 14,909	\$ (2,199)	\$ 12,710

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.35%	1.40%
Expected rate of salary increases	1.20%	0.80%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	\$ -	\$ (1,183)	\$ -	\$ (1,219)
Discount rate decreases by 0.5%	1,295	-	1,340	-
Expected rate of salary increases by 0.5%	1,290	-	1,341	-
Expected rate of salary decreases by 0.5%	-	(1,190)	-	(1,232)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

#### (14) Equity

##### A. Common stock

The Company's authorized capital as of December 31, 2023 and 2022 was NT\$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of December 31, 2023 and 2022 was NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.

##### B. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 932,723	\$ 932,723
Expired stock options	2,503	2,503
Total	\$ 935,226	\$ 935,226

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

### C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. the remaining portion, if applicable, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholders' meeting for approval.

The distributable dividends and bonuses in whole or in part are paid in cash after a resolution was adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 30% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT\$3, the full stock dividends will be paid.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriation of earnings for 2022 was resolved by the stockholders' meeting held on June 16, 2023, while the appropriation of earnings for 2023 was proposed by the Board of Directors' meeting on March 11, 2024. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 3,957	\$ 9,200		
Special reserve	(629)	(17,883)		
Common stock-cash dividends	25,974	50,343	\$ 0.35	\$ 0.67
Total	\$ 29,302	\$ 41,660		

Please refer to Note 6(18) for more details on employees' compensations and the remuneration to directors.

(15) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 1,846,308	\$ 1,856,794
Rendering of services	23,088	16,066
Total	\$ 1,869,396	\$ 1,872,860

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 1,846,308	\$ 1,856,794
Rendering of services	23,088	16,066
Total	\$ 1,869,396	\$ 1,872,860
Revenue recognition point:		
At a point in time	\$ 1,847,728	\$ 1,857,666
Satisfies the performance obligation over time	21,668	15,194
Total	\$ 1,869,396	\$ 1,872,860

B. Contract balances

a. Contract assets – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ 12,015	\$ 1,804	\$ 6,254

The significant changes in the Company's balances of contract assets for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to trade receivables	\$ (1,804)	\$ (6,254)
Change in the progress of completion	12,021	1,294
(Recognition) reversal of impairment	(6)	510

b. Contract liabilities – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ 30,190	\$ 12,752	\$ 5,913

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$ (9,254)	\$ (2,525)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	26,692	9,364

C. Assets recognized from costs to fulfill a contract with customer: None.

(16) Expected credit losses (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses-Expected credit losses (gains)		
Contract assets	\$ 6	\$ (510)
Notes receivable	(36)	35
Trade receivables	(668)	2,195
Total	\$ (698)	\$ 1,720

Please refer to Note 12(4) for more details on credit risk.

The Company measures the loss allowance of its contract assets and receivables (including notes receivable, trade receivables and trade receivables from related parties) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

- A. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 12,021	\$ 1,804
Expected credit loss rates	0%~2%	0%
Loss allowance	(6)	-
Total	\$ 12,015	\$ 1,804

- B. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 18,432	\$ 32,777
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696



C. The Company considers the grouping of trade receivables by counterparties credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	
Gross carrying amount	\$ 322,473	\$ 11,810	\$ 2,732	\$ 739	\$ 6,610	\$ 617	\$ 344,981
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	236	137	74	3,305	617	4,369
Total	\$ 322,473	\$ 11,574	\$ 2,595	\$ 665	\$ 3,305	\$ -	\$ 340,612

As of December 31, 2022

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 Days	
Gross carrying amount	\$ 313,891	\$ 19,027	\$ 6,835	\$ 1,258	\$ 8,100	\$ 114	\$ 349,225
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	405	342	126	4,050	114	5,037
Total	\$ 313,891	\$ 18,622	\$ 6,493	\$ 1,132	\$ 4,050	\$ -	\$ 344,188

The movement in the provision for impairment of contract assets, note receivables and trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2023	\$ -	\$ 81	\$ 5,037
Addition (reversal) for the current period	6	(36)	(668)
As of December 31, 2023	\$ 6	\$ 45	\$ 4,369
As of January 1, 2022	\$ 510	\$ 46	\$ 2,842
Addition (reversal) for the current period	(510)	35	2,195
As of December 31, 2022	\$ -	\$ 81	\$ 5,037

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(17) Leases

A. The Company as lessee

The Company leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings and facilities	\$ 13,619	\$ 14,710
Transportation equipment	-	1,217
Total	<u>\$ 13,619</u>	<u>\$ 15,927</u>

During the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Company amounted to NT\$6,829 thousand and NT\$3,444 thousand, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liability	\$ 13,852	\$ 16,122
Current	<u>\$ 7,059</u>	<u>\$ 7,691</u>
Noncurrent	<u>\$ 6,793</u>	<u>\$ 8,431</u>

Please refer to Note 6(19)D for the interest expenses on lease liabilities recognized during the years ended December 31, 2023 and 2022, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and facilities	\$ 7,920	\$ 7,142
Transportation equipment	1,018	2,921
Total	\$ 8,938	\$ 10,063

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$ 1,873	\$ 1,849

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to NT\$11,043 thousand and NT\$12,094 thousand, respectively.

(18) Employment costs

Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 38,447	\$ 243,678	\$ 282,125	\$ 36,005	\$ 233,679	\$ 269,684
Labor and health insurance	4,109	22,588	26,697	3,635	20,839	24,474
Pension	1,849	12,113	13,962	1,756	11,484	13,240
Remuneration to directors	-	7,814	7,814	-	9,843	9,843
Others (Note)	1,767	6,559	8,326	1,622	6,488	8,110
Depreciation	21,100	17,123	38,223	20,281	16,909	37,190
Amortization	345	15,835	16,180	330	18,338	18,668

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

The average number of employees of the Company was 344 and 329 for the years ended December 31, 2023 and 2022, respectively, including 10 and 7 non-employee directors for the years ended December 31, 2023 and 2022.

Average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT\$991 thousand and NT\$980 thousand, respectively. Average salaries for the years ended December 31, 2023 and 2022 were NT\$845 thousand and NT\$838 thousand, respectively, and the average salaries changed by 1% year over year.

The Company's salary and remuneration policy is as follow:

A. Directors

Remuneration to directors includes board meeting attendance traveling fee, the Remuneration to directors for profit distribution are in accordance with the Company's Articles of Incorporation approved by the stockholders' meeting and are highly related to the Company's operating performance; the chairman and the independent directors receive a reasonable fixed monthly remuneration.

B. Chief executive officer and vice presidents

The Company's chief executive officer's and vice presidents' remuneration include fixed monthly salaries, performance bonus, and employees' compensation. The salaries referenced the salary level of similar positions in the industry market from the labor market salary survey report obtained by the Company and consider the responsibilities of the position. Performance bonus and employees' compensation are related to the Company's operating performance that are set at a fixed ratio of the Company's profit for the year.

C. Employees

The Company's employee compensation refers to the peer level of the industry and is evaluated based on employees' professional competence and personal performance assessment.

According to the Company's Article of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2023 and 2022. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2023 were NT\$2,518 thousand and NT\$1,007 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2022 were NT\$5,926 thousand and NT\$2,370 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were accrued on the basis of profit of current year and were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year.

A resolution was approved in a meeting of the Board of Directors held on March 11, 2024 to distribute NT\$2,518 thousand and NT\$1,007 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT\$5,926 thousand and NT\$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$ 23,147	\$ 1,165

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 560	\$ 279
Others	547	119
Total	\$ 1,107	\$ 398

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 89	\$ -
Foreign exchange (losses) gains	(868)	8,394
Gains on financial assets at fair value through profit or loss	1,238	1,593
Other losses-others	(204)	(658)
<b>Total</b>	<b>\$ 255</b>	<b>\$ 9,329</b>

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on lease liabilities	\$ 270	\$ 259
Interest expenses on borrowings from bank	60	-
<b>Total</b>	<b>\$ 330</b>	<b>\$ 259</b>

(20) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$ (1,309)	\$ -	\$ (1,309)	\$ 262	\$ (1,047)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,580	-	1,580	(316)	1,264
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(794)	-	(794)	159	(635)
<b>Total other comprehensive income</b>	<b>\$ (523)</b>	<b>\$ -</b>	<b>\$ (523)</b>	<b>\$ 105</b>	<b>\$ (418)</b>

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$ 842	\$ -	\$ 842	\$ (169)	\$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	21	(81)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	22,455	-	22,455	(4,491)	17,964
Total other comprehensive income	<u>\$ 23,195</u>	<u>\$ -</u>	<u>\$ 23,195</u>	<u>\$ (4,639)</u>	<u>\$ 18,556</u>

(21) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current income tax payable	\$ 7,403	\$ 10,429
Adjustments in respect of current income tax of prior periods	222	-
Deferred tax expense:		
Relating to origination and reversal of temporary differences	(1,397)	7,784
Relating to origination and reversal of tax loss and tax credit	-	684
Total income tax expense	<u>\$ 6,228</u>	<u>\$ 18,897</u>

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Income tax recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$ (262)	\$ 169
Unrealised (losses) gains from equity instrument investments measured at fair value through other comprehensive income	316	(21)
Exchange differences resulting from translating the financial statements of foreign operations	(159)	4,491
Income tax relating to components of other comprehensive income	<u>\$ (105)</u>	<u>\$ 4,639</u>

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	\$ 46,840	\$ 110,228
Tax at the Company's statutory income tax rate	\$ 9,368	\$ 22,046
Income tax for undistributed earnings	1,351	-
Tax effect of revenues exempt from taxation	-	(259)
Investment tax credits	(3,173)	(4,469)
Tax effect of deferred tax assets/liabilities	-	265
Adjustments in respect of current income tax of prior periods	222	-
Others	(1,540)	1,314
Income tax expense (income) recognized in profit or loss	<u>\$ 6,228</u>	<u>\$ 18,897</u>



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C. Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 1,234	\$ (47)	\$ -	\$ 1,187
Valuation of financial assets/ liabilities at fair value through profit or loss	242	(277)	-	(35)
Unrealized exchange (losses) gain	(218)	667	-	449
Net defined benefit liabilities-noncurrent	2,528	(752)	262	2,038
Accrued employee benefits	1,464	85	-	1,549
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	551	-	(316)	235
Exchange differences resulting from translating the financial statements of foreign operations	1,164	-	159	1,323
Investments accounted for using the equity method	(1,391)	1,845	-	454
Bad debts expense	257	(124)	-	133
Deferred tax (expense) income		\$ 1,397	\$ 105	
Net deferred tax assets (liabilities)	\$ 5,831			\$ 7,333
Reflected in balance sheet as follows:				
Deferred tax assets	\$ 7,440			\$ 7,368
Deferred tax liabilities	\$ (1,609)			\$ (35)

For the years ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 2,150	\$ (916)	\$ -	\$ 1,234
Valuation of financial assets/ liabilities at fair value through profit or loss	(316)	558	-	242
Unrealized exchange (losses) gain	137	(355)	-	(218)
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	2,528
Accrued employee benefits	1,550	(86)	-	1,464
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	551
Exchange differences resulting from translating the financial statements of foreign operations	5,655	-	(4,491)	1,164
Investments accounted for using the equity method	5,014	(6,405)	-	(1,391)
Bad debts expense	-	257	-	257
Unused tax credits	684	(684)	-	-
Deferred tax (expense) income		\$ (8,468)	\$ (4,639)	
Net deferred tax assets (liabilities)	\$ 18,938			\$ 5,831
Reflected in balance sheet as follows:				
Deferred tax assets	\$ 19,255			\$ 7,440
Deferred tax liabilities	\$ (317)			\$ (1,609)

D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, there were no unrecognized deferred tax assets.

E. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Company's income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant tax liabilities have not been recognized. The Company has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT\$43,627 thousand and NT\$50,363 thousand, respectively.

F. The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the year ended December 31	
	2023	2022
A. Basic earnings per share		
Profit for the year	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Basic earnings per share (NT\$)	\$ 0.54	\$ 1.22
B. Diluted earnings per share		
Profit for the year	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Effect of dilution:		
Employee compensation (in thousands)	125	298
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,223	75,396
Diluted earnings per share (NT\$)	\$ 0.54	\$ 1.21

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

## 7. Related Party Transactions

### Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Relationship with the Company</u>
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Unitech America Inc. (UTA)	Subsidiaries
Unique Technology Europe B.V. (UTI)	Subsidiaries
Unitech Japan Co., Ltd. (UTJ)	Subsidiaries
Xiamen Unitech Co., Ltd. (UTC)	Subsidiaries
Artilux Corporation	Substantive related parties
Artilux Inc.	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2023	2022
Subsidiaries		
UTA	\$ 239,684	\$ 291,313
UTI	214,340	225,323
Other subsidiaries	150,005	121,059
Parent company	981	1,507
Substantive related parties	264	1,975
Total	\$ 605,274	\$ 641,177

General payment term:

Domestic: Month-end 30-120 days

Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

- A. The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.
- B. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.
- C. The selling price of the subsidiaries UTI, UTJ, and UTC is based on related party transaction, the payment term is month-end 90 days.

(2) Purchases

	For the years ended December 31,	
	2023	2022
Subsidiaries	\$ 40,283	\$ 58,766
Parent company	4,799	5,833
Other related party	2,091	2,816
Substantive related parties	456	-
Total	\$ 47,629	\$ 67,415

General payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 60-90 days

The purchase price of the parent company and the subsidiaries UTA, UTI, UTJ, UTC, other related party and substantive related parties is based on related party transaction, the payment term is immediate payment to month-end 30 days.

(3) Trade receivables from related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
UTI	\$ 37,748	\$ 19,239
UTA	35,899	21,503
UTJ	25,940	19,285
UTC	22,621	14,736
Parent company	49	54
Total	\$ 122,257	\$ 74,817

(4) Trade payables to related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
UTC	\$ 7,209	\$ 6,770
Other subsidiaries	72	-
Substantive related parties	93	-
Other related party	-	45
Parent company	-	25
Total	\$ 7,374	\$ 6,840

(5) Prepaid expenses from related parties

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 61	\$ 61

(6) Other payables from related parties

	December 31, 2023	December 31, 2022
Parent company	\$ 699	\$ 682
Subsidiaries	85	84
Total	\$ 784	\$ 766

(7) Manufacturing expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 187	\$ 297

(8) Operating expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 8,698	\$ 9,304
Subsidiaries	1,037	696
Other related party	47	-
Substantive related parties	-	49
Total	<u>\$ 9,782</u>	<u>\$ 10,049</u>

(9) Rental expenses

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ 1,509</u>	<u>\$ 1,485</u>

The Company leases warehouse and parking space from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis.

(10) Rental income

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ 293</u>	<u>\$ -</u>

The Company rents office to the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is collected on a monthly basis.

(11) Other revenue

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ -</u>	<u>\$ 1</u>

(12) Property transaction

	For the years ended December 31,	
	2023	2022
Parent company	\$ 306	\$ 235
Other related party	58	162
Total	<u>\$ 364</u>	<u>\$ 397</u>

The Company entrusted the related parties to purchase machinery and equipment on behalf of the Company.

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(13) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 20,437	\$ 22,442
Post-employment benefits	443	540
Total	\$ 20,880	\$ 22,982

**8. Assets Pledged as Collateral**

The following table lists assets of the Company pledged as collateral:

Items	Carrying Amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost-noncurrent	\$ 5,700	\$ 3,249	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,685	1,664	Performance guarantee
Property, plant and equipment-land and building	276,813	278,382	Loan pledge
Total	\$ 284,198	\$ 283,295	

**9. Significant Contingencies and Unrecognized Contractual Commitments**

- (1) As of December 31, 2023, the Company issued the letters of guarantee through financial institutions in the amount of NT\$3,000 thousand for customs duty and performance guarantee.
- (2) As of December 31, 2023, the Company issued promissory notes in the amount of NT\$7,452 thousand for performance guarantee.
- (3) As of December 31, 2023, the Company's unused letters of credit amounted to NT\$3,095 thousand.

**10. Losses Due to Major Disasters**

None.

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## 11. Significant Subsequent Events

None.

## 12. Others

### (1) Categories of financial instruments

#### Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 381	\$ -
Financial assets at fair value through other comprehensive income	29,293	27,713
Financial assets measured at amortized cost (Note)	994,228	1,042,823
Total	<u>\$ 1,023,902</u>	<u>\$ 1,070,536</u>

#### Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading	\$ 208	\$ 1,211
Financial liabilities at amortized cost:		
Trade payables (including related parties)	186,490	205,396
Other payables (including related parties)	108,721	125,947
Lease liabilities (including noncurrent)	13,852	16,122
Deposits received	1	1
Total	<u>\$ 309,272</u>	<u>\$ 348,677</u>

Note: Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables and refundable deposits.



(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk exposures.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$3,972 thousand and increase/decrease NT\$1,409 thousand, respectively.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposit at variable interest rates. Therefore, the Company expects no fair value and cash flow risks due to significant interest rate fluctuations.

### Other risk

The Company's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

#### (4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss.

The Company is exposed to credit risk from operating activities (primarily for contract assets, notes receivable, and trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

## (5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than		Later than 5		
	1 year	1 to 3 years	4 to 5 years	years	Total
As of December 31, 2023					
Trade payables	\$ 186,490	\$ -	\$ -	\$ -	\$ 186,490
Other payables	108,721	-	-	-	108,721
Lease liability	7,256	6,652	303	-	14,211
Deposits received	-	1	-	-	1
As of December 31, 2022					
Trade payables	\$ 205,396	\$ -	\$ -	\$ -	\$ 205,396
Other payables	125,947	-	-	-	125,947
Lease liability	7,860	8,538	-	-	16,398
Deposits received	-	1	-	-	1

Derivative financial liabilities

	Less than		Later than 5		
	1 year	1 to 3 years	4 to 5 years	years	Total
As of December 31, 2023					
Inflow	\$ 11,643	\$ -	\$ -	\$ -	\$ 11,643
Outflow	(11,851)	-	-	-	(11,851)
Net	\$ (208)	\$ -	\$ -	\$ -	\$ (208)
As of December 31, 2022					
Inflow	\$ 37,569	\$ -	\$ -	\$ -	\$ 37,569
Outflow	(38,780)	-	-	-	(38,780)
Net	\$ (1,211)	\$ -	\$ -	\$ -	\$ (1,211)

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2023:

	Lease liability	Deposits received	Total
As of January 1, 2023	\$ 16,122	\$ 1	\$ 16,123
Cash flows			
Outflow	(8,900)	-	(8,900)
Non-cash flows	6,630	-	6,630
As of December 31, 2023	\$ 13,852	\$ 1	\$ 13,853

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liability	Deposits received	Total
As of January 1, 2022	\$ 22,664	\$ 1	\$ 22,665
Cash flows			
Outflow	(9,986)	-	(9,986)
Non-cash flows	3,444	-	3,444
As of December 31, 2022	\$ 16,122	\$ 1	\$ 16,123

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

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- c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the underlying investment's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.
- d. Fair value of debt instruments without market quotations, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 are as follows:

Forward exchange contracts

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

<u>Items</u>	<u>Contract amount</u>	<u>Maturity period</u>
As of December 31, 2023		
Forward exchange contracts	Sell EUR 768 thousand	From January 8, 2024 to February 23, 2024
Forward exchange contracts	Sell JPY 117,900 thousand	From January 8, 2024 to March 15, 2024
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3, 2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3, 2023 to March 31, 2023

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 381	\$ -	\$ 381
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	29,293	29,293
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	208	-	208

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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Preferred stock	\$ -	\$ -	\$ 27,713	\$ 27,713
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2023	\$ 27,713
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	1,580
As of December 31, 2023	\$ 29,293

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	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2022	\$ 27,815
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	(102)
As of December 31, 2022	\$ 27,713

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	19.48%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company’s equity by NT(\$1,512)/NT\$1,512 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	22.09%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company’s equity by NT(\$1,423)/NT\$1,423 thousand



Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023			
	Foreign currencies (thousand)		Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$	15,795	30.71	\$ 485,061
EUR		1,077	34.01	36,615
JPY		152,827	0.2175	33,240
CNY		31	4.329	135
AUD		33	21.00	684
Non-monetary items:				
USD	\$	6,299	30.71	\$ 193,320
EUR		2,304	34.01	78,358
JPY		214,598	0.2175	52,889
CNY		4,031	4.329	17,442
<u>Financial liabilities</u>				
Monetary items:				
USD	\$	2,860	30.71	\$ 87,820
EUR		2	34.01	63
JPY		38	0.2175	8

As of December 31, 2022				
Foreign currencies				
	(thousand)	Foreign exchange rate		NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$ 6,725	30.70	\$	206,457
EUR	622	32.74		20,359
JPY	82,918	0.2326		19,287
CNY	50	4.409		218
Non-monetary items:				
USD	\$ 6,769	30.70	\$	207,822
EUR	2,011	32.74		65,877
JPY	212,148	0.2326		49,398
CNY	4,813	4.409		21,229
<u>Financial liabilities</u>				
Monetary items:				
USD	\$ 2,134	30.70	\$	65,511
CNY	240	4.409		1,058

As there are several types of foreign currency transactions within the Company, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (losses) gains were NT\$(868) thousand and NT\$8,394 thousand for the years ended December 31, 2023, and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

**13. Other Disclosure**

(1) Information related to significant transactions

- A. Financing provided to others for the year ended December 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 2.
- H. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2023: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 12(8).
- J. Other: Intercompany relationships and significant intercompany transactions : Please refer to Attachment 3.

(2) Information on investees

Names, locations, main business activities, original investment amount, shareholding at the end of the period, net income or loss for the period, and recognized investment income or loss of investees over which the Company has direct or indirect significant influence or control (excluding information on investment in Mainland China): Please refer to Attachment 4 and Attachment 4-1.

(3) Information on investments in Mainland China

- A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.
- B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:
  - a. The amount and percentage of sales and the balance and percentage of the

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related receivables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The sales amounted to NT\$43,250 thousand representing 2.31% of the net sales.

(b) The receivables amounted to NT\$22,621 thousand representing 6.30% of the total receivables.

b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The purchases amounted to NT\$34,763 thousand representing 2.75% of the net purchases.

(b) The payables amounted to NT\$7,209 thousand representing 3.87% of the total payables.

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 6.

Attachment 1

Securities held as of December 31, 2023 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2023				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artlux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	\$ 29,293	1.09%	\$ 29,293	-

Related party transactions for purchases and sales amounts exceeding NT\$100 million or 20 percent of the capital stock (Eliminated when preparing the consolidated financial statements)

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/Sales (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)(Note)	
The Company	Unitech America Inc. ( " UTA " )	Investments accounted for using the equity method	Sales	\$ 239,684	12.82%	30 days after Invoice date	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.	\$ 35,899	10.00 %	-
The Company	Unique Technology Europe B.V. ( " UTI " )	Investments accounted for using the equity method	Sales	214,340	11.47%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTI is based on related party transaction, the payment term is month- end 90 days.	37,748	10.51 %	-
The Company	Unitech Japan Co., Ltd. ( " UTJ " )	Investments accounted for using the equity method	Sales	106,755	5.71%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTJ is based on related party transaction, the payment term is month- end 90 days.	25,940	7.23 %	-

Note: The above ratios are calculated based on the purchases/sales company's individual financial statements.

## Attachment 3

Intercompany relationships and significant intercompany transactions (all have been written off in the consolidated financial statements)

(Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	\$ 239,684	30 dadys after invoice date	10.69%
"	"	"	"	Trade receivables	35,899	"	1.51%
"	"	"	"	Operating cost	4,418	Month-end 30 days	0.20%
"	"	UTI	1	Operating revenue	214,340	Month-end 90 days	9.56%
"	"	"	"	Trade receivables	37,748	"	1.59%
"	"	UTJ	1	Operating revenue	106,755	Month-end 90 days	4.76%
"	"	"	"	Trade receivables	25,940	"	1.09%
"	"	UTC	1	Operating revenue	43,250	Month-end 90 days	1.93%
"	"	"	"	Trade receivables	22,621	"	0.95%
"	"	"	"	Operating cost	34,763	Month-end 30 days	1.55%
"	"	"	"	Trade payables	7,209	"	0.30%

Note 1: The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

- (1) The parent company is coded 0.
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to sub-subsidiaries.
- (3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.



Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“ UAV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	\$ 193,320	\$ (18,014)	\$ (18,892)	
	Unitech Europe Ventures Inc. (“ UEV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	78,358	8,156	7,675	
	Unitech Industries Holding Inc. (“ UIH ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	46,678	6,098	6,056	
	Unitech Japan Co., Ltd. (“ UTJ ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	TWD 5,384	TWD 5,384	152	10.86 %	6,211	7,127	774	
	Unitech Asia Ventures Inc. (“ UCV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	17,442	(4,482)	(4,838)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of “ Investee Company”, “ Location”, “ Main business”, “ Original investment amount”, and “Shares held as at December 31, 2023” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the “footnote” column.
- (2) The “Net profit (loss) of the investee for this period” column should fill in amount of net profit (loss) of the investee for this period.
- (3) The “Investment income (loss) recognized by the Company for the year ended December 31, 2023” column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Names, locations and related information of investee (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. ("UAV")	Unitech America Holding Inc. ("UAH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech America Holding Inc. ("UAH")	Unitech America Inc. ("UTA")	6182 Katella Ave Cypress, CA 90630, USA	Trading of auto identification data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech Europe Ventures Inc. ("UEV")	Unitech Europe Holding Inc. ("UEH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Europe Holding Inc. ("UEH")	Unique Technology Europe B.V. ("UTE")	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto identification data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Japan Holding Inc. ("UJH")	Unitech Japan Co., Ltd. ("UTJ")	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	JPY 214,598,269	JPY 32,066,965	JPY 27,412,589	
Unitech Asia Ventures Inc. ("UCV")	Unitech Industries Holding Inc. ("UIH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00 %	USD 4,030,623	USD (1,025,215)	USD (1,106,042)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the year ended December 31, 2023" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

## Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data capture products	USD 3,419,200	(Note 1 (2)) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ (4,482)	100.00%	\$ (4,838) CNY (1,106,062) (Note 2 (2)B)	\$ 17,387 CNY 4,018,018 (Note 2 (2)B)	\$ 31,038 USD 977,409

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 109,332	\$ 139,348	\$ 1,086,942
USD (3,560,132)	USD (4,537,541)	

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
- (3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) The basis of recognition of investment income is classified into following three types, which should be marked out.
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
  - C. Others: financial statements were not audited by accountants.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

## Attachment 6

### Information on major shareholders

Name of major shareholder information	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.	30,039,000	40.00%
G.M.I. Technology Inc.	9,559,000	12.72%

Note 1: The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.

Note 2: If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

# Unitech Electronics Co., Ltd.

President : YEH CHIA WEN

**This English -version annual report is a summary translation of the Chinese version.  
If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.**