

Stock Code: 3141

Ultra Chip, Inc.

2024 Annual General Shareholders' Meeting

Meeting Handbook

Convention Method: Physical Convention of Annual General
Shareholders' Meeting

Date and Time: May 16, 2024 (Thursday) 9:00 a.m.

Location: 2F, No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City
(Lily Conference)

Table of Contents

One. Meeting Agenda.....	1
Two. Report Items.....	2
Three. Ratification Items.....	3
Four. Discussion Items.....	4
Five. Extraordinary Motions.....	6

Attachments:

I. 2023 Business Report.....	7
II. Audit Committee's Review Report.....	9
III. Independent Auditor's Report and 2023 Financial Statements.....	10
IV. 2023 Earnings Distribution Table.....	32
V. Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision.....	33
VI. Comparison Table for the Articles of Incorporation Before and After Revision.....	34
VII. Description of the proposal of Issuing New Restricted Employee Shares	36
VIII. Description of the proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement.....	39

Appendices:

I. Articles of Incorporation (before revision).....	43
II. Rules of Procedure for Shareholders' Meetings.....	49
III. The table of Shareholdings of All Directors.....	60

Ultra Chip, Inc. 2024 Annual General Shareholders' Meeting Agenda

Convention Method: Physical Convention of Annual General Shareholders' Meeting

Date and Time: May 16, 2024(Thursday) 9:00 a.m.

Location: 2F, No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City (Lily Conference)

One. Call Meeting to Order

Two. Chairperson's Remarks

Three. Report Items:

- I. 2023 Business Report.
- II. Audit Committee's Review Report on the 2023 Financial Statements.
- III. Report on 2023 Remunerations of Directors and Employees.
- IV. Report on 2023 Implementation of private placement of common shares.

Four. Ratification Items:

- I. Adoption of 2023 Business Report and Financial Statements.
- II. Adoption of 2023 Earnings Distribution Proposal.

Five. Discussion Items:

- I. Amendments to "The Procedures for Acquisition or Disposal of Assets"
- II. Amendments to "The Articles of Incorporation"
- III. Issuance of new restricted employee shares.
- IV. The proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement.

Six. Extraordinary Motions

Seven. Meeting Adjourned.

Report Items

I. 2023 Business Report, submitted for review.

Explanation: Please refer to Attachment 1 on pages 7~8 of this Handbook for 2023 Business Report.

II. Audit Committee's Review Report on the 2023 Financial Statements, submitted for review.

Explanation: Please refer to Attachment II on Page 9 of this Handbook for the Audit Committee's Review Report.

III. Report on 2023 Remunerations of Directors and Employees, submitted for review

Explanation: For the Company's profit in 2023, according to the provisions of the Article of Incorporation, remuneration of directors at an amount of NT\$2,012,491 is proposed for distribution, and remunerations of employees at an amount of NT\$6,117,973 proposed to be distributed in cash. Such amounts are consistent with the account estimates.

IV. Report on the Execution of 2023 Private Placement for Common Shares, submitted for review.

Explanation: On May 18, 2023, the shareholders' meeting resolved to authorize the board of directors to conduct a private placement for Common Shares for a total amount of up to 10,000,000 shares. The private placement may be carried out by installments within one year of the date of the resolution of the shareholders meeting. Because the issuance period is about to expire, it is planned not to continue to handle this private placement within the remaining period, and resolution by the Board of Directors.

Ratification Items

Proposal 1

Proposed by the Board of Directors

Proposal: 2023 business report and financial statements, submitted for ratification.

Explanation: I. The Company's 2023 consolidated financial statements, parent company only financial statements) and business report have been approved by the Board of Directors through resolution and have also been submitted to the Audit Committee for review.

II. For 2023 business report and financial statements (including consolidated financial statements), please refer to Attachment I on pages 7~8 and Attachment III on pages 10~31 of this Handbook, submitted for ratification.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: 2023 earnings distribution proposal, submitted for ratification.

Explanation: I. The Company's 2023 distributable earnings is NT\$1,045,338,896. According to the provisions of the Company Act and the Articles of Incorporation, it is proposed to distribute shareholders' cash dividends at an amount of NT\$38,000,000, and the undistributed earnings at the end of the period after distribution is NT\$1,007,338,896.

II. For the present shareholders' cash dividends, the earnings of 2023 are to be distributed in priority. For the insufficient amount, the distributable balances from other years are to be deferred for distribution. The cash dividend is calculated to the integer dollar value, and the numbers after the decimal places are truncated. For the total amount of the odd numbers less than one dollar, the Chairman is authorized to assign specific personnel to make adjustments.

III. After this proposal is approved by the general shareholders' meeting, for the ex-dividend date, issuance date and other relevant matters, the Chairman is authorized to specify such dates and matters for the distribution thereof.

IV. For the distribution of dividends, in case of subsequent change in the share capital of the Company and the number of outstanding shares is affected such that the shareholders' dividend ratio needs to be adjusted, the Chairman is authorized to handle such matter with full discretion.

V. For the 2023 earnings distribution table established, please refer to Attachment IV on page 32 of this Handbook. This proposal has been approved by the Audit Committee, and is hereby submitted for approval.

Resolution:

Discussion Items

Proposal 1

Proposed by the Board of Directors

Proposal: The amendments to "The Procedures for Acquisition or Disposal of Assets." is submitted for review.

Explanation: I. To meet the requirements of the law, it is proposed to amend part of the provisions of the Company's Procedures for Acquisition or Disposal of Assets.

II. For the Comparison Table for the Procedures for Acquisition or Disposal of Assets. Before and After Amendment, Please refer to Attachment V on page 33 of the handbook.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: The amendments to "The Articles of Incorporation" is submitted for review.

Explanation: I. To meet the requirements of the actual operating needs of the Company, it is proposed to amend part of the provisions of the Company's Procedures for The Articles of Incorporation.

II. For the Comparison Table for the Procedures for The Articles of Incorporation. Before and After Amendment, Please refer to Attachment VI on page 34~35 of the handbook.

Resolution:

Proposal 3

Proposed by the Board of Directors

Proposal: Issuance of new restricted employee shares is submitted for review.

Explanation: The Company plans to issue new restricted employee shares according to relevant regulations of "Paragraph 8 of Article 267 of the Company Act" and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", Within the limit of 1,000,000 shares. For the relevant matters, Please refer to Attachment VII on page 36~38 of the handbook.

Resolution:

Proposal 4

Proposed by the Board of Directors

Proposal: The proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement is submitted for review.

Distribution: I. In order to meet the needs of future operation and development, the Company will increase its own capital, strengthen financial structure, enhance capital adequacy rate, improve international competitiveness and ensure the long-term cooperative relationship with strategic partners. Therefore, it is proposed to

request the Shareholders' Meeting to authorize the Board of Directors to choose one method from two methods: issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, to handle it in one time or multiple times, within the limit of not more than 10,000,000 shares, depending on market conditions and the Company's capital demand, in accordance with relevant laws and regulations.

- II. For the description of the proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, please refer to Attachment VIII on page 39 of this Handbook.
- III. For this proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, the main contents of the issue plan, include the actual issue price, number of shares, issue conditions, amount of private placements, capital increase benchmark date, planned projects, expected progress and expected possible benefits, etc., and all other matters related to the issue plan. It is proposed to request the Shareholders' Meeting to authorize the Board of Directors to adjust, determine and handle above matters according to market conditions. If it is necessary to change or amend it, as instructed by the competent authority, based on operational evaluation or due to objective environment, the Board of Directors shall be authorized to handle it with full authority.
- IV. For this proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, the rights and obligations of the common shares issued or privately placed this time are the same as those of the original ordinary shares, except that the private securities are transferred within three years after delivery in accordance with Article 43-8 of the Securities and Exchange Act.
- V. Except the scope of authorization above-mentioned or stipulated by laws and regulations, it is proposed to request the Shareholders' Meeting to authorize the Chairman or the person designated by him/her to handle all matters related to issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, and sign relevant contracts and documents.
- VI. Chairman is authorized to handle the above matters not covered with full authority according to laws. It is hereby submitted for approval.

Extraordinary Motions

Meeting Adjourned

2023 Business Report

I.2023 operating results

1. Planned implementation results for operating

Unit: NT\$ 1,000

Accounting items	2022	2023	Difference in amount	Growth rate %
Operating revenue	2,516,131	1,852,883	(663,248)	(26.36)
Gross profit	1,082,024	639,855	(442,169)	(40.86)
Net amount after tax (excluding non-controlling interests)	517,286	84,169	(433,117)	(83.73)

In the post-pandemic era after 2023, the overall global economy is still affected by many uncertain factors such as high inflation and geopolitics, which have slowed down the demand in the end market and the buying interest in the consumer market. System manufacturers of the semiconductor supply chain have faced excessive inventory levels due to the weak end demand and the slow de-stocking of the supply chain, although sporadic short orders and urgent orders were already seen in the second half of 2023, it was still difficult to reverse the decline caused by the sluggish economy in the first half of the year. In 2023, the consolidated revenue declined by 26.36% from the level in 2022, and the operating gross profit and net profit after tax were significantly lower than 2022 due to the falling product prices, and the provision for the loss of obsolescence of inventory.

2. Analysis of financial revenue and expenditure as well as profitability

Items		2022	2023
Financial structure	Percentage of liabilities to assets (%)	40.22	28.90
	Percentage of long-term funds to fixed assets (%)	540.48	596.68
Solvency	Current ratio (%)	185.12	244.35
	Quick ratio (%)	93.51	123.56
Profitability	Return on assets (%)	14.05	2.97
	Return on shareholders' equity (%)	24.72	4.15
	Net profit margin (%)	22.95	5.41
	Earnings per share (NT\$)	7.01	1.13

3. Research and development status

In terms of research and development, NT\$ 336,337 thousand was paid for research and development in 2023, accounting for about 18% of the turnover of NT\$ 1,852,883 thousand. In the future, the Company will continue to invest in the development of new display technologies in addition to continuously optimizing existing products to expand new application fields. It is estimated that the investment and expenses on research and development of new products and technologies will maintain 15%~20% of the total turnover in the future.

II. The future of company

The Company's electronic paper products are mainly used as electronic shelf labels, especially during the epidemic period, which can effectively reduce contact among personnel in physical stores, improve the automation of retail services, and conform to the global trend of energy saving and carbon reduction. It is expected that the sales volume will continue to grow year by year after the demand in the terminal market recovers and in the mass production of new products. The Company will continue to develop driver IC with higher resolution and lower power consumption in the future, improve the efficacy of product and conform to the global trend of green energy saving and target of Net Zero Emissions. The Company is committed to promoting the diversification of terminal product applications, maintaining stable expansion of production capacity and optimizing cost structure, so as to keep the market competitiveness of electronic-paper driver IC. After combining the original touch technology, the sales volume of STN products in new application fields, such as smart home appliances, smart meters and vehicle meters, have grown steadily. In the future, the Company will continue to enhance marketing and strive for a stable supply of production capacity, to meet the customer's demand.

Looking forward to 2024, enterprises need to be more flexible in the allocation of production capacity, manpower and funds. The Company will re-examine the allocation of production capacity in each process, effectively improve product quality and reduce production costs, so as to achieve the most efficient production combination. At the same time, the Company will actively invest in the research and development of new products and technologies, enhance the competitiveness of products, and stabilize the R&D personnel, to hope to achieve new success in revenue and profit when the global economy recovers in the future. Under the rapidly changing global economy, the sustainable management is still our goal. The Company will actively invest in the research and development of new display technologies, and pursue the driver IC with higher quality and saving energy and electricity, to hope to create maximum benefits for all shareholders!

Chairman Yu-Tung Hsu

President Yu-Tung Hsu

Accounting Officer Sheng-Fang Wang

Attachment II

Ultra Chip Inc.
Audit Committee's Review Report

The Board of Directors have prepared the Company's 2023 consolidated financial statements and parent company only financial statements, which have been audited by CPAs Hai-Yueh Huang and Cheng-Chuan Yu of Deloitte Taiwan, and audit reports of unqualified opinion with emphasized paragraphs or paragraphs of other matters and of unqualified opinion have been issued respectively. Accordingly, we have reviewed the aforementioned financial statements and the audit reports along with the business report and earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to

The Company's 2024 Annual General Shareholders' Meeting

Audit Committee Convener: Chien-Hua Hsu

March 22, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the consolidated balance sheet as of December 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. and subsidiaries (referred to as “the Group”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Group in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2023. Such matters have been reflected in the entirety of the consolidated financial statements audited

and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the Group's 2023 consolidated financial statements for the year are stated as follows:

Authenticity of operating revenue from key audit customers

The operating revenue of the Group mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Group’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the consolidated financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4 (12) of the consolidated financial statements for detailed accounting policy on the income recognition. Please refer to Notes 24 and 40 of the consolidated financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Group. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Other Matters

Ultra Chip Inc. has prepared the parent company only financial statements for the years ended 2023 and 2022, to which we have also issued an independent auditor's report with unqualified opinion and provided for reference.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as the 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, the responsibilities of the management include assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated statements is to obtain reasonable assurance on whether the entirety of the consolidated financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on 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 the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 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.

Deloitte Taiwan

CPA Hai-Yueh Huang

CPA Cheng-Chuan Yu

Securities and Futures Commission
Approval Document No.
Tai-Cai-Zheng-Liu-Zi No. 0920131587

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 590,086	17	\$ 940,347	23
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	166,494	5	135,866	3
1170	Accounts receivable (Notes 10 and 24)	217,455	6	187,392	5
1220	Current income tax assets (Note 26)	92	-	31	-
130X	Inventories (Note 11)	910,647	27	1,421,026	34
1478	Refundable deposits - current (Note 16)	18,921	1	214,029	5
1479	Other current assets (Note 16)	90,224	3	79,133	2
11XX	Total current assets	<u>2,014,439</u>	<u>60</u>	<u>2,998,504</u>	<u>72</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	2	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1600	Property, plant and equipment (Note 13)	413,602	12	441,676	11
1755	Right-of-use assets (Note 14)	11,950	-	22,684	-
1780	Intangible assets (Note 15)	20,898	1	33,192	1
1840	Deferred income tax assets (Note 26)	225,826	7	199,751	5
1920	Refundable deposits - non-current (Note 16)	556,797	17	411,415	10
1990	Other non-current assets (Note 16)	13,830	-	9,347	-
15XX	Total non-current assets	<u>1,349,144</u>	<u>40</u>	<u>1,154,782</u>	<u>28</u>
1XXX	Total assets	<u>\$ 3,363,583</u>	<u>100</u>	<u>\$ 4,153,286</u>	<u>100</u>
Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 17)	\$ 395,000	12	\$ 78,669	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 24)	25,363	1	113,474	3
2170	Accounts payable (Note 19)	169,665	5	250,510	6
2200	Other payables (Note 20)	125,953	4	229,132	5
2230	Current income tax liabilities (Note 26)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	8,946	-	10,799	-
2320	Long-term borrowings due in one year and corporate bonds payable (Note 17 and 18)	45,118	1	792,094	19
2399	Other current liabilities (Note 21)	3,695	-	63,516	2
21XX	Total current liabilities	<u>824,409</u>	<u>25</u>	<u>1,619,764</u>	<u>39</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	133,308	4	26,719	1
2570	Deferred income tax liabilities (Note 26)	11,032	-	11,302	-
2580	Lease liabilities - non-current (Note 14)	3,470	-	12,462	-
25XX	Total non-current liabilities	<u>147,810</u>	<u>4</u>	<u>50,483</u>	<u>1</u>
2XXX	Total liabilities	<u>972,219</u>	<u>29</u>	<u>1,670,247</u>	<u>40</u>
	Equity attributable to shareholders of the parent (Notes 23 and 28)				
	Capital				
3110	Common share capital	750,616	22	750,263	18
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	<u>750,740</u>	<u>22</u>	<u>751,551</u>	<u>18</u>
3200	Capital surplus	<u>356,529</u>	<u>11</u>	<u>356,199</u>	<u>9</u>
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	<u>1,045,161</u>	<u>31</u>	<u>1,237,817</u>	<u>30</u>
3300	Total retained earnings	<u>1,274,154</u>	<u>38</u>	<u>1,389,985</u>	<u>34</u>
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
31XX	Total equity attributable to owners of the parent company	<u>2,361,723</u>	<u>70</u>	<u>2,469,441</u>	<u>60</u>
36XX	Non-controlling interests (Note 23)	<u>29,641</u>	<u>1</u>	<u>13,598</u>	<u>-</u>
3XXX	Total equity	<u>2,391,364</u>	<u>71</u>	<u>2,483,039</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 3,363,583</u>	<u>100</u>	<u>\$ 4,153,286</u>	<u>100</u>

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

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in NT\$ thousand,
except for earnings per share in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 24)	\$ 1,852,883	100	\$ 2,516,131	100
5000	Operating costs (Notes 11 and 25)	<u>1,213,028</u>	<u>65</u>	<u>1,434,107</u>	<u>57</u>
5900	Gross profit	<u>639,855</u>	<u>35</u>	<u>1,082,024</u>	<u>43</u>
	Operating expenses (Note 25)				
6100	Selling and marketing expenses	83,118	4	76,985	3
6200	Administrative expenses	121,694	7	137,565	5
6300	Research and development expenses	<u>336,337</u>	<u>18</u>	<u>421,313</u>	<u>17</u>
6000	Total operating expenses	<u>541,149</u>	<u>29</u>	<u>635,863</u>	<u>25</u>
6500	Net other income and expenses (Notes 25)	(<u>312</u>)	<u>-</u>	(<u>181</u>)	<u>-</u>
6900	Operating profit	<u>98,394</u>	<u>6</u>	<u>445,980</u>	<u>18</u>
	Non-operating income and expenses (Notes 25 and 29)				
7100	Interest income	12,928	1	5,837	-
7190	Net miscellaneous income	5,656	-	10,317	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(14,268)	(1)	(13,912)	(1)
7630	Net foreign exchange gain or loss	<u>8,339</u>	<u>1</u>	<u>140,292</u>	<u>6</u>
7000	Total non-operating incomes and expenses	<u>16,591</u>	<u>1</u>	<u>131,390</u>	<u>5</u>
7900	Net income before tax	114,985	7	577,370	23
7950	Income tax expenses (Note 26)	(<u>14,797</u>)	(<u>1</u>)	(<u>96,806</u>)	(<u>4</u>)
8200	Current net profit	<u>100,188</u>	<u>6</u>	<u>480,564</u>	<u>19</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit programs (Note 22)	\$ -	-	\$ 5,414	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 23)	5,880	-	(20,161)	(1)
8349	Income taxes related to the items not re-classified (Note 26)	-	-	(1,949)	-
8310		<u>5,880</u>	<u>-</u>	<u>(16,696)</u>	<u>(1)</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 23)	(1,003)	-	1,391	-
8399	Income tax related to items may be reclassified into profit or loss (Note 26)	<u>200</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
8360		<u>(803)</u>	<u>-</u>	<u>1,113</u>	<u>-</u>
8300	Total Other comprehensive income of the year	<u>5,077</u>	<u>-</u>	<u>(15,583)</u>	<u>(1)</u>

8500	Total comprehensive income (loss) for the year	<u>\$ 105,265</u>	<u>6</u>	<u>\$ 464,981</u>	<u>18</u>
	Net income attributable to:				
8610	Owners of the parent company	\$ 84,169	5	\$ 517,286	21
8620	Non-controlling interests	<u>16,019</u>	<u>1</u>	<u>(36,722)</u>	<u>(2)</u>
8600		<u>\$ 100,188</u>	<u>6</u>	<u>\$ 480,564</u>	<u>19</u>
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 89,246	5	\$ 501,703	20
8720	Non-controlling interests	<u>16,019</u>	<u>1</u>	<u>(36,722)</u>	<u>(2)</u>
8700		<u>\$ 105,265</u>	<u>6</u>	<u>\$ 464,981</u>	<u>18</u>
	Earnings per share (Note 27)				
9710	Basic	<u>\$ 1.13</u>		<u>\$ 7.01</u>	
9810	Diluted	<u>\$ 1.12</u>		<u>\$ 6.73</u>	

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		Equity attributable to owners of the company													
									Other equity						
		Common share capital	Share capital collected in advance	Share capital awaiting retirement	Capital surplus (Note 24(2))	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	Unearned compensation of employees	Treasury shares	Total	Non-controlling interests	Total equity
Code						Statutory reserves	Special reserves	Unappropriated earnings							
A1	Balance as of January 1, 2022	\$ 744,500	\$ 6,300	\$ -	\$ 351,873	\$ 84,603	\$ 8,898	\$ 1,033,733	(\$ 7,952)	\$ 10,590	(\$ 677)	(\$ 30,382)	\$ 2,201,486	\$ 42,849	\$ 2,244,335
	2021 Appropriation and distribution of retained earnings (Note 23(3))														
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)	-	(258,000)
	Other change of capital surplus:														
C15	Distribution of cash dividends by capital surplus (Note 23(3))	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)	-	(37,000)
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286	(36,722)	480,564
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)	-	(15,583)
L3	Treasury shares transferred to employees (Notes 23(6) and 28)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269	-	50,269
M7	Changes in ownership interest in subsidiaries (Note 12, 23 and 30)	-	-	-	2,759	-	-	-	-	-	-	-	2,759	7,441	10,200
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645	-	7,645
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	579	-	-	-	-	-	-	-	579	30	609
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441	13,598	2,483,039
	2022 Appropriation and distribution of retained earnings (Note 23(3))														
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)	-	(200,000)
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169	16,019	100,188
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077	-	5,077
I1	Repurchase of convertible bonds (Notes 18 and 23(2))	-	-	-	61	-	-	-	-	-	-	-	61	-	61
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508	-	2,508
	Other change of capital surplus:														
C17	Changes in other capital reserves (Note 23(2))	-	-	-	89	-	-	-	-	-	-	-	89	-	89
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	378	-	-	-	-	-	-	-	378	24	402
T1	Cancellation of new restricted employee shares (Note 23(1))	(680)	-	680	-	-	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2023	<u>\$ 750,616</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 356,529</u>	<u>\$ 204,243</u>	<u>\$ 24,750</u>	<u>\$ 1,045,161</u>	(<u>\$ 7,642</u>)	(<u>\$ 3,691</u>)	(<u>\$ 4,823</u>)	(<u>\$ 3,544</u>)	<u>\$ 2,361,723</u>	<u>\$ 29,641</u>	<u>\$ 2,391,364</u>

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

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 114,985	\$ 577,370
A20010	Income and expense item		
A20100	Depreciation expense	81,380	96,089
A20200	Amortization expense	20,507	17,796
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	14,268	13,912
A21200	Interest income	(12,928)	(5,837)
A21300	Dividend income	(1,493)	(1,458)
A21900	Share-based compensation costs	2,296	27,032
A22500	Losses on disposal of property, plant and equipment	312	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A24100	Net loss (gain) on foreign currency exchange	6,207	(62,184)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(35,308)	289,955
A31200	Inventories	510,407	(871,951)
A31240	Other current assets	(21,602)	11,139
A31990	Other non-current assets	10,531	(2,347)
A32125	Contract liabilities - current	(88,111)	22,763
A32150	Accounts payable	(80,541)	(146,223)
A32180	Other payables	(62,704)	(10,749)
A32230	Other current liabilities	(796)	880
A33000	Cash provided by operating activities	438,494	83,850
A33100	Interest received	12,928	5,837
A33200	Dividends received	1,493	1,458
A33300	Interest paid	(3,350)	(3,076)
A33500	Income taxes paid	(61,914)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	<u>387,651</u>	<u>(77,599)</u>

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Code		2023	2022
	Cash flow from Investing activities		
B00100	Acquisition of financial assets measured at fair value through profit or loss	(\$ 58,761)	(\$ 12,000)
B00040	Acquisition of financial assets carried at amortized cost	(30,628)	-
B00050	Disposal of financial assets measured at amortized cost	-	12,836
B02700	Proceeds from acquisition of property, plant and equipment	(78,370)	(75,806)
B03700	Decrease in refundable deposits	59,988	118,283
B04500	Acquisition of intangible assets proceeds	(17,179)	(36,924)
BBBB	Net cash inflow (outflow) from investing activities	(124,950)	6,389
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	316,309	-
C00200	Decrease in short-term borrowings	-	(97,229)
C01300	Repurchase of corporate bonds	(769,287)	-
C01600	Borrowing of long-term borrowings	107,463	6,028
C03100	Decrease in guarantee deposits	(53,326)	(105,486)
C04020	Repaid principal of lease liabilities	(10,806)	(10,431)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05800	Change in non-controlling interests (Note 23(7))	-	10,200
C09900	Others (Note 23(2))	89	-
CCCC	Net cash outflow from financing activities	(608,827)	(459,928)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(4,135)	1,154
EEEE	Decrease in cash and cash equivalent	(350,261)	(529,984)
E00100	Cash and cash equivalents at the beginning of the year	940,347	1,470,331
E00200	Cash and cash equivalents at the end of year	\$ 590,086	\$ 940,347

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the parent company only balance sheet as of December 31, 2023 and 2022 and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. (referred to as “the Company”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We have conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Company in accordance with the Code of Ethics and performance other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year 2023. Such matters have been reflected in the entirety of the parent company only financial

statements audited and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the Company's 2023 parent company only financial statements for the year are stated as follows:

Authenticity of operating revenue from key audit customers

The operating revenue of Ultra Chip, Inc. mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Company’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the parent company only financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4(13) of the parent company only financial statements for detailed accounting policy on the income recognition. Please refer to Note 25 of the parent company only financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Company. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Responsibilities of Management Level and Those Charged with Governance for the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as the 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, the responsibilities of the management include assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of our audit of the parent company only statements is to obtain reasonable assurance on whether the entirety of the parent company only financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements 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 the parent company only financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Company have significant

uncertainty, and provide conclusion thereto. 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 auditors' report. Nevertheless, future events or circumstances may cause the Company to have no ability for continuous operation.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant 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 and appropriate audit evidence for the financial information of individual entities of the Company and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the Company.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 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.

Deloitte Taiwan

CPA Hai-Yueh Huang

CPA Cheng-Chuan Yu

Securities and Futures Commission
Approval Document No.

Tai-Cai-Zheng-Liu-Zi No. 0920131587

Securities and Futures Commission Approval
Document No.

Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 496,457	16	\$ 772,624	20
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	113,361	4	113,399	3
1170	Accounts receivable (Notes 10 and 25)	197,604	6	139,138	4
1180	Accounts receivable - related party (Notes 10, 25 and 33)	18,400	-	21,647	1
130X	Inventories (Note 11)	866,466	28	1,302,101	34
1478	Refundable deposits - current (Note 17)	18,921	1	214,029	6
1479	Other current assets (Notes 17, 23 and 33)	<u>85,735</u>	<u>3</u>	<u>115,858</u>	<u>3</u>
11XX	Total current assets	<u>1,817,464</u>	<u>59</u>	<u>2,699,476</u>	<u>71</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	3	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1550	Investments under equity method (Note 12)	66,467	2	118,144	3
1600	Property, plant and equipment (Note 13)	284,537	9	285,941	8
1755	Right-of-use assets (Note 14)	9,662	-	18,310	-
1760	Investment property (Note 15)	69,024	2	70,033	2
1780	Intangible assets (Note 16)	7,806	-	15,002	-
1840	Deferred income tax assets (Note 27)	165,696	5	132,894	4
1920	Refundable deposits - non-current (Note 17)	556,190	18	410,768	11
1990	Other non-current assets (Notes 17 and 23)	<u>12,213</u>	<u>1</u>	<u>2,523</u>	-
15XX	Total non-current assets	<u>1,277,836</u>	<u>41</u>	<u>1,090,332</u>	<u>29</u>
1XXX	Total assets	<u>\$ 3,095,300</u>	<u>100</u>	<u>\$ 3,789,808</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 18)	\$ 300,000	10	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 25)	24,551	1	32,223	1
2170	Accounts payable (Notes 20 and 33)	161,628	5	152,001	4
2200	Other payables (Notes 21 and 33)	107,157	3	183,712	5
2230	Current income tax liabilities (Note 27)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	7,237	-	8,673	-
2320	Corporate bonds payable due in one year (Note 19)	30,175	1	778,025	20
2399	Other current liabilities (Notes 22 and 33)	<u>3,030</u>	-	<u>62,741</u>	<u>2</u>
21XX	Total current liabilities	<u>684,447</u>	<u>22</u>	<u>1,298,945</u>	<u>34</u>
	Non-current liabilities				
25XX	Non-current liabilities				
2540	Long-term borrowings (Note 18)	35,000	1	-	-
2570	Deferred income tax liabilities (Note 27)	11,032	1	11,027	1
2580	Lease liabilities - non-current (Note 14)	2,483	-	9,720	-
2670	Other non-current liabilities (Notes 22 and 33)	<u>615</u>	-	<u>675</u>	-
	Total non-current liabilities	<u>49,130</u>	<u>2</u>	<u>21,422</u>	<u>1</u>
2XXX	Total liabilities	<u>733,577</u>	<u>24</u>	<u>1,320,367</u>	<u>35</u>
	Equity (Notes 24 and 29)				
	Capital				
3110	Common share capital	750,616	24	750,263	20
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	<u>750,740</u>	<u>24</u>	<u>751,551</u>	<u>20</u>
3200	Capital surplus	<u>356,529</u>	<u>12</u>	<u>356,199</u>	<u>9</u>
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	<u>1,045,161</u>	<u>34</u>	<u>1,237,817</u>	<u>33</u>
3300	Total retained earnings	<u>1,274,154</u>	<u>41</u>	<u>1,389,985</u>	<u>37</u>
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
3XXX	Total equity	<u>2,361,723</u>	<u>76</u>	<u>2,469,441</u>	<u>65</u>
	Total liabilities and equity	<u>\$ 3,095,300</u>	<u>100</u>	<u>\$ 3,789,808</u>	<u>100</u>

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

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in NT\$ thousand,
except for earnings per share in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 25 and 33)	\$ 1,530,862	100	\$ 2,237,814	100
5000	Operating costs (Notes 11, 17, 26 and 33)	<u>1,053,702</u>	<u>69</u>	<u>1,204,797</u>	<u>54</u>
5900	Gross profit	477,160	31	1,033,017	46
5910	Unrealized gain with subsidiaries	(12,188)	-	(14,229)	(1)
5920	Realized gain with subsidiaries	<u>13,738</u>	<u>1</u>	<u>16,687</u>	<u>1</u>
5950	Net operating gross profit realized	<u>478,710</u>	<u>32</u>	<u>1,035,475</u>	<u>46</u>
	Operating expenses (Notes 26 and 33)				
6100	Selling and marketing expenses	50,789	3	47,406	2
6200	Administrative expenses	94,005	6	108,494	5
6300	Research and development expenses	<u>204,468</u>	<u>14</u>	<u>268,098</u>	<u>12</u>
6000	Total operating expenses	<u>349,262</u>	<u>23</u>	<u>423,998</u>	<u>19</u>
6500	Net other income and expenses (Notes 26 and 33)	<u>2,884</u>	<u>-</u>	<u>2,496</u>	<u>-</u>
6900	Operating profit	<u>132,332</u>	<u>9</u>	<u>613,973</u>	<u>27</u>
	Non-operating income and expenses (Notes 26 and 33)				
7100	Interest income	12,424	1	5,435	-
7190	Net miscellaneous income	8,973	-	10,531	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(11,079)	(1)	(11,152)	-
7070	Share of loss on equity method of subsidiaries (Note 12)	(65,440)	(4)	(110,403)	(5)
7630	Net foreign exchange gain or loss	<u>11,348</u>	<u>1</u>	<u>140,413</u>	<u>6</u>
7000	Total non-operating incomes and expenses	(<u>39,838</u>)	(<u>3</u>)	<u>23,680</u>	<u>1</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net income before tax	\$ 92,494	6	\$ 637,653	28
7950	Income tax expenses (Note 27)	(8,325)	-	(120,367)	(5)
8200	Current net profit	<u>84,169</u>	<u>6</u>	<u>517,286</u>	<u>23</u>
	Other comprehensive income				
	Items not reclassified				
	subsequently to profit or				
	loss				
8311	Remeasurement of				
	defined benefit				
	programs (Note 23)	-	-	5,414	-
8316	Unrealized valuation				
	gain or loss on				
	investments in				
	equity instruments at				
	fair value through				
	other comprehensive				
	income	5,880	-	(20,161)	(1)
8349	Income taxes related to				
	the items not				
	re-classified (Note				
	27)	-	-	(1,949)	-
8310		<u>5,880</u>	<u>-</u>	<u>(16,696)</u>	<u>(1)</u>
	Items that may be				
	reclassified subsequently				
	to profit or loss				
8361	Exchange differences				
	on translation of the				
	financial statements				
	of foreign operations				
	(Note 24)	(1,003)	-	1,391	-
8399	Income tax related to				
	items may be				
	reclassified into				
	profit or loss (Notes				
	24 and 27)	<u>200</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
8360		<u>(803)</u>	<u>-</u>	<u>1,113</u>	<u>-</u>
8300	Total Other				
	comprehensive				
	income of the year	<u>5,077</u>	<u>-</u>	<u>(15,583)</u>	<u>(1)</u>
8500	Total comprehensive income				
	(loss) for the year	<u>\$ 89,246</u>	<u>6</u>	<u>\$ 501,703</u>	<u>22</u>
	Earnings per share (Note 28)				
9710	Basic	<u>\$ 1.13</u>		<u>\$ 7.01</u>	
9810	Diluted	<u>\$ 1.12</u>		<u>\$ 6.73</u>	

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

									O t h e r e q u i t y				
		Retained earnings							Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gain or loss on investments in debt instruments at fair value through other comprehensive income	Unearned compensation of employees	Treasury shares	Total equity
Code		Common share capital	Capital collected in advance	Share capital awaiting retirement	Capital surplus	Statutory reserves	Special reserves	Unappropriated earnings					
A1	Balance as of January 1, 2022	\$ 744,500	\$ 6,300	\$ -	\$ 351,873	\$ 84,603	\$ 8,898	\$ 1,033,733	(\$ 7,952)	\$ 10,590	(\$ 677)	(\$ 30,382)	\$ 2,201,486
	2021 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)
C15	Distribution of cash dividends by capital surplus	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)
L3	Treasury shares transferred to employees (Notes 24(6) and 29)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645
M7	Changes in ownership interest in subsidiaries (Note 12)	-	-	-	2,759	-	-	-	-	-	-	-	2,759
O1	Adjustment of capital surplus of subsidiaries	-	-	-	579	-	-	-	-	-	-	-	579
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441
	2022 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077
I1	Repurchase of convertible bonds (Notes 19, 24(1) and (2))	-	-	-	61	-	-	-	-	-	-	-	61
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508
C17	Changes in other capital reserves (Note 24(2))	-	-	-	89	-	-	-	-	-	-	-	89
O1	Adjustment of capital surplus of subsidiaries	-	-	-	378	-	-	-	-	-	-	-	378
T1	Cancellation of new restricted employee shares (Note 24(1))	(680)	-	680	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2023	\$ 750,616	\$ 124	\$ -	\$ 356,529	\$ 204,243	\$ 24,750	\$ 1,045,161	(\$ 7,642)	(\$ 3,691)	(\$ 4,823)	(\$ 3,544)	\$ 2,361,723

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

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

		Unit: NT\$ thousand	
Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 92,494	\$ 637,653
A20010	Income and expense item		
A20100	Depreciation expense	46,081	62,562
A20200	Amortization expense	10,090	10,700
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	11,079	11,152
A21200	Interest income	(12,424)	(5,435)
A21300	Dividend income	(1,493)	(1,458)
A21900	Compensation costs from share-based payments	1,894	26,423
A22400	Share of loss on equity method of subsidiaries	65,440	110,403
A22500	Net losses on disposal of property, plant and equipment	-	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A23900	Unrealized gain from sale among affiliated companies	12,188	14,229
A24000	Realized gain from sale among affiliated companies	(13,738)	(16,687)
A24100	Net loss (gain) on foreign currency exchange	3,743	(55,069)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(63,486)	298,161
A31160	Accounts receivable - related party	2,966	19,612
A31200	Inventories	435,635	(877,013)
A31240	Other current assets	30,143	(57,918)
A31990	Other non-current assets	-	8,186
A32125	Contract liabilities - current	(7,672)	25,825
A32150	Accounts payable	12,286	(207,801)
A32180	Other payables	(56,571)	(10,884)
A32190	Other payables - related party	67	-
A32230	Other current liabilities	(746)	819
A33000	Cash provided by operating activities	549,060	121,123
A33100	Interest received	12,424	5,435
A33200	Dividends received	1,493	1,458

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Code		2023	2022
A33300	Interest paid	(\$ 368)	(\$ 320)
A33500	Income taxes paid	(61,823)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	<u>500,786</u>	(<u>37,972</u>)
	Cash flow from Investing activities		
B00040	Acquisition of financial assets carried at amortized cost	-	(83)
B00050	Disposal of financial assets measured at amortized cost	38	-
B00100	Acquisition of financial assets and liabilities at fair value through profit and loss	(58,761)	(12,000)
B02700	Proceeds from acquisition of property, plant and equipment	(52,026)	(62,752)
B04500	Acquisition of intangible assets proceeds	(15,244)	(14,435)
B03700	Decrease in refundable deposits	<u>59,947</u>	<u>111,416</u>
BBBB	Net cash inflow (outflow) from investing activities	(<u>66,046</u>)	<u>22,146</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	300,000	-
C00200	Decrease in short-term borrowings	-	(83,040)
C01600	Increase in long-term borrowings	35,000	-
C01300	Repurchase of corporate bonds	(769,287)	-
C03100	Decrease in guarantee deposits	(53,326)	(105,096)
C04020	Repaid principal of lease liabilities	(8,673)	(8,388)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05400	Subsidiary equity acquired (Note 12)	(12,838)	(66,860)
C09900	Others (Note 24(2))	<u>89</u>	<u>-</u>
CCCC	Net cash outflow from financing activities	(<u>708,304</u>)	(<u>526,394</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>2,603</u>)	(<u>928</u>)
EEEE	Decrease in cash and cash equivalent	(276,167)	(543,148)
E00100	Cash and cash equivalents at the beginning of the year	<u>772,624</u>	<u>1,315,772</u>
E00200	Cash and cash equivalents at the end of year	<u>\$ 496,457</u>	<u>\$ 772,624</u>

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

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
2023 Earnings Distribution Table

Item	Unit: NT\$	
	2023	Amount
Unappropriated retained earnings at beginning of the period		960,992,526
Net income after tax of 2023	84,168,683	
Appropriation of 10% of legal reserve	(8,416,868)	
Reversal of special reserve to distributable earnings	8,594,555	84,346,370
Current distributable earnings		1,045,338,896
Distribution item		
Shareholders' bonus - cash, NT\$0.50705826 per share is proposed for distribution (Note)		(38,000,000)
Undistributed earnings at the end of the period		<u>1,007,338,896</u>

Note: The distribution of cash dividends is calculated based on the outstanding number of shares of 74,942,078 shares as of March 22, 2024.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.

Comparison Table for the "Procedures for Acquisition or Disposal of Assets "Before and After Amendment

After Amendment	Before Amendment	Description
<p>Article 11 Procedures for Acquisition or Disposal of Derivatives</p> <p>I. Transaction principles and directives (I)~(V) omitted</p> <p>(VI) Establishment of contract total amount and loss limit</p> <p>1. Contract total amount</p> <p>The Department of Finance shall manage the overall position of the Company in order to avoid transaction risks. The hedge trade amount shall not exceed two-thirds of the overall net position of the Company. If it exceeds the limit of two-thirds, it shall be reported to the President for approval.</p> <p>2. Establishment of loss limit</p> <p>(1) The purpose of the hedging operation of the Company is to eliminate or reduce exchange rate or interest rate risk, rather than for the purpose of gaining profits. Accordingly, such operation shall be performed based on actual transactions, in principle. The total amount of overall hedge contracts shall not exceed the hedge demand derived from the actual transactions of the Company in the next six months.</p> <p>(2) Regarding hedge trades for the purpose of risk aversion, <u>the maximum loss of one single contract and the maximum loss of all contracts combined shall not exceed 20% of the total transaction amount.</u></p>	<p>Article 11 Procedures for Acquisition or Disposal of Derivatives</p> <p>I. Transaction principles and directives (I)~(V) omitted</p> <p>(VI) Establishment of contract total amount and loss limit</p> <p>1. Contract total amount</p> <p>The Department of Finance shall manage the overall position of the Company in order to avoid transaction risks. The hedge trade amount shall not exceed two-thirds of the overall net position of the Company. If it exceeds the limit of two-thirds, it shall be reported to the President for approval.</p> <p>2. Establishment of loss limit</p> <p>(1) The purpose of the hedging operation of the Company is to eliminate or reduce exchange rate or interest rate risk, rather than for the purpose of gaining profits. Accordingly, such operation shall be performed based on actual transactions, in principle. The total amount of overall hedge contracts shall not exceed the hedge demand derived from the actual transactions of the Company in the next six months.</p> <p>(2) Regarding hedge trades for the purpose of risk aversion, <u>it is necessary to set up the maximum loss limit.</u></p>	To meet the requirements of the law

Ultra Chip Inc.

Comparison Table for the "Articles of Incorporation "Before and After Amendment

After Amendment	Before Amendment	Description
<p>Article 6 The total capital of the Company shall be in the amount of NT\$1.84 billion, divided into 184 million shares, at NT\$10 per share, and for the undistributed shares, the board of directors is authorized to perform share issuance at discrete times.</p> <p>For the total capital described in the preceding paragraph, 11.5 million shares are reserved as the shares for the employee stock option certificates and the exercise of the share subscription right, and the board of directors is authorized to establish the procedures for actual issuance, followed by issuance at discrete times through resolution.</p> <p>Where the price of employee stock option certificates issued by the Company is lower than the Company's common share price closed on the date of issuance, or treasury shares are transferred to employees at a price lower than the average price of actual repurchase of shares , such issuance and transfer of shares shall only be made when the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.</p> <p><u>The remuneration tools of the Company include the treasury shares</u></p>	<p>Article 6 The total capital of the Company shall be in the amount of NT\$1.84 billion, divided into 184 million shares, at NT\$10 per share, and for the undistributed shares, the board of directors is authorized to perform share issuance at discrete times.</p> <p>For the total capital described in the preceding paragraph, 11.5 million shares are reserved as the shares for the employee stock option certificates and the exercise of the share subscription right, and the board of directors is authorized to establish the procedures for actual issuance, followed by issuance at discrete times through resolution.</p> <p>Where the price of employee stock option certificates issued by the Company is lower than the Company's common share price closed on the date of issuance, or treasury shares are transferred to employees at a price lower than the average price of actual repurchase of shares , such issuance and transfer of shares shall only be made when the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.</p>	To meet the requirements of the actual operating.

After Amendment	Before Amendment	Description
<u>repurchased, employee share subscription warrants, issuance of new shares and issuance of new restricted employee shares according to the Company Act and the Securities and Exchange Act, and the subjects for assignment, issuance or subscription employees shall include employees of controlling or subordinate companies and satisfying certain criteria. The board of directors is authorized to specify said certain criteria.</u>		
Article 29 These Article of Incorporation were duly enacted on August 3, 1999. The 1st amendment was made on August 16, 1999. The 19th amendment was made on May 12, 2022. · <u>The 20th amendment was made on May 16, 2024.</u>	Article 29 These Article of Incorporation were duly enacted on August 3, 1999. The 1st amendment was made on August 16, 1999. The 19th amendment was made on May 12, 2022.	To add the revised date.

Ultra Chip Inc. Content of Proposal for Issuance of New Restricted Employee Shares

The Company plans to issue new restricted employee shares according to relevant regulations of “Paragraph 8 of Article 267 of the Company Act” and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, and relevant matters are described in the following:

I. Total issuance amount: Within the limit of 1,000,000 shares and based on the calculation of par value of NT\$10 per share, the total issuance amount is NT\$10,000,000.

II. Issuance criteria:

1. Issue price: The present issue price shall be NT\$10 per share.
2. Type of shares issued: Ordinary shares.
3. Vesting condition: The employee subscribed to the restricted stocks in accordance with the Rules shall remain employed until the last date of each vesting period from the record date, without engaging in any behavior that violates the Company's employment contract, working rules, management measures, Ethical Corporate Management Best Practice, Code of Conduct, and all other Company rules (collectively referred to as "Contract and Company Rules"). Simultaneously, the Company must meet the overall financial performance indexes, and the employee must achieve a score of 80% for the Employee Personal Performance Index for the most recent year before the annual last day of each vesting period, without having any major disciplinary record. The ratio of restricted stocks that fulfill the respective vesting conditions is as follows:

Maturity period (The following shall be considered from the record date of the capital increase)	Vesting ratio	Company's overall financial performance indicator (Note)	Personal work performance indicator
Matured for two year	50%	Net income before tax with 5% of growth from last year	When the personal performance score reaches above 90 points (inclusive) without having any major disciplinary record, it can be exercised according to 100% of the vesting percentage. When the personal performance score is between 80 points (inclusive)~89 points, it can be exercised according to 50% of the vesting percentage. When the personal performance score is below 79 points, it cannot be exercised.
Matured for three years	25%	Net income before tax with 5% of growth from last year	
Matured for four years	25%	Net income before tax with 5% of growth from last year	

Note: It refers to the net Income before tax audited by the CPAs, and the estimated employees' and directors' remuneration of the current year has been deducted.

4. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: The Company reserves the right to take the following measures if an employee, who has subscribed to the restricted stocks in accordance with the Rules, fails to meet the vesting conditions by the specified period as aforementioned. For the handling method in the event of inheritance, such matter shall be handled in accordance with the Regulations for Issuance of New Restricted Employee Shares of the Company.
 - (I) The employee shall not be entitled to the allocation of restricted stocks if the Company has not met the vesting conditions regarding the overall financial performance indexes as stipulated in aforementioned of the Rules.
 - (II) The employee shall not be entitled to receive the allocation of restricted stocks if they have not fulfilled the vesting conditions outlined in aforementioned of the Rules, which include achieving a score of 80% or above for the Employee Personal Performance Index for the most recent year before the last day of each vesting period, and having no major disciplinary record during the period.
 - (III) The Company may determine whether the Employee will be awarded the allocation of restricted stocks for the specific year or subsequent years if the employee has failed to meet the vesting conditions, including compliance with the contract and company rules, and the employee shall not contest the preceding decision made by the Company.
 - (IV) The Company shall repurchase the shares that do not meet the vesting conditions outlined in the preceding paragraphs (I) to (III) at the issuing price, and handle their cancellation in accordance with the law.

III. Employee qualification and number of subscribed shares:

1. Employee qualification: Full-time employees include the employees of parents or subsidiaries within the official formation of the Company on the date when the board of directors reaches a resolution on the grant of new restricted employee shares.
2. Number of subscribed shares:
 - (1) The employees who are awarded with restricted stock awards and the number of such restricted stock awarded will be individually determined by the Chairman before each issuance of restricted stock awards, with consideration given to factors such as position, title, work requirements, loyalty and dedication, cooperation in work attitude, performance, overall contribution, specific achievements, and other conditions necessary for management, which shall then be reported for the consent of the Board of Directors before implementation. For employees who are managerial officers or directors, approval by the Remuneration Committee must be obtained first, which shall then be submitted to the Board of Directors for approval. For employees who are not managerial officers, approval by the Audit Committee must be obtained first, which shall then submitted to the Board of Directors for approval.
 - (2) The cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56-1 in the

aforementioned Regulations Governing the Offering and Issuance of Securities by Securities Issuers, plus the cumulative number of new restricted employee shares shall not exceed 0.3% of the total number of shares issued, and the cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56 in said Regulations shall not exceed 1% of the total number of shares issued.

- IV. Necessity of present issuance of new restricted employee shares: The main purpose is to attract and retain professional talents, to encourage employees and to improve employee cohesion, thereby achieving benefits for the Company and shareholders jointly.
- V. Amount of possible expenses, dilution of the Company's earnings per share and other impacts on shareholders' equity:
 - 1. Amount of possible expenses: The total number of new restricted employee shares of the present issuance is less than 1,000,000 shares, and the shares are non-transferable before satisfying the vesting conditions. Based on the meeting notice mailing date of the board of directors (March 14, 2024) and the closing price of ordinary shares of the Company at NT\$79.5, the estimated amount of possible expenses is approximately NT\$69,500 thousand.
 - 2. Dilution of the Company's earnings per share and other impacts on shareholders' equity: According to the vesting period of four years proposed, the estimated amount of possible expenses are NT\$27,510 thousand, NT\$27,510 thousand, NT\$10,136 thousand and NT\$4,344 thousand respectively. Based on the calculation of the current total number of shares issued of 74,942,078 shares, the possible reduced amounts of earnings per share are NT\$0.37, NT\$0.37, NT\$0.14 and NT\$0.06 respectively. Accordingly, it has limited effect on the earnings per share dilution of the Company; therefore, there is no major effect on the shareholders' equity.
- VI. For the shares subscribed by employees before satisfying the vesting conditions, the employees' rights are restricted, including but not limited to the following, and except for inheritance arising from death due to occupational accidents, employees shall not sell, pledge, transfer, provide as a gift, set, or make any disposal via other means on the new restricted employee shares of insurance subscribed under these Regulations.
- VII. After the issuance of the new restricted employee shares, the shares subscribed by employees, before satisfaction of the vesting conditions, shall be submitted to the Company or the institution designated by the Company for custody immediately.
- VIII. This proposal is approved by the Audit Committee, and after the approval by the shareholders' meeting and reporting to the competent authority with effective filing, the chairman is authorized to further specify the actual issuance date and relevant matters. In case of any amendment of laws, instruction of the competent authority or other matters such that there is a need for subsequent revision of this proposal, and if there is any other unspecified matters, the chairman is also authorized to have the full discretion to handle such matters.

Ultra Chip Inc.

Issuing common shares to participate in overseas depositary receipts by increasing cash capital or Issuing common shares by increasing cash capital in the way of private placement

I. Purpose and amount of financing: In order to meet the needs of future operation and development, the Company will increase own capital, strengthen financial structure, enhance capital adequacy rate, improve international competitiveness and ensure the long-term cooperative relationship with strategic partners. Therefore, it is proposed to request the Shareholders' Meeting to authorize the Board of Directors to choose one method from the following methods for financing to handle it in one time or multiple times, within the limit of not more than 10,000,000 shares, depending on market conditions and the Company's capital demand, in accordance with relevant laws and regulations, in proper time.

II. Financing methods and handling principles

(I) Issue common shares to participate in overseas depositary receipts by increasing cash capital

1. In this proposal of cash capital increase, it is proposed to keep 10%~15% of the total amount of new shares issued for employees to subscribe, according to Article 267 of the Company Act, and it is proposed to authorize Chairman to determine the employee subscription method; for the remaining 85%~90%, the original shareholders shall give up the preemptive rights and all of them shall be allocated for public offering as the original securities participating in the issuance of overseas depositary receipts, in accordance with Article 28-1 of the Securities and Exchange Act. The shares abandoned by the employees or the remaining shares minus the shares subscribed by the employees shall be subscribed by the specific person contacted by Chairman, or included in the original securities participating in the issuance of overseas depositary receipts, as required by the market.

2. In accordance with Article 9 of Taiwan Securities Association "Self-discipline Rules for Underwriters' Members to Guide Issuing Companies to Raise and Issue Securities", the issue price for this issuance of common shares to participate in overseas depositary receipts by increasing cash capital shall not be lower than the closing price of the Company's common shares in the centralized trading market on the pricing date, as well as 80% of average share price of the simple arithmetic average of the closing price of

common shares calculated on one day among the first, third and fifth business days before the pricing date, minus stock dividends excluding rights (or minus capital excluding rights), and excluding dividends. However, if the relevant laws and regulations in Taiwan change, the pricing method shall be adjusted in accordance with the provisions of the laws and regulations. Since stock prices in Taiwan often fluctuate violently in the short term, it is proposed to authorize Chairman to determine the issue price through negotiation with securities underwriter, in accordance with international practice, with reference to the international capital market, the market in Taiwan and book building, etc., in order to improve the acceptance of overseas investors.

3. At this time, new common shares will be issued by increasing cash capital, within the limit of no more than 10,000,000 shares, to participate in the issuance of Overseas Depositary Receipts, with a maximum dilution ratio of 13.34% to the original shareholders' equity. However, after this capital increase has benefits, the Company's competitiveness will be enhanced and shareholders will benefit from it; in addition, the issue price of overseas depositary receipts is determined based on the fair market price of common shares in the centralized market in Taiwan. The original shareholders can still buy common shares in the stock market in Taiwan at the issue price of overseas depositary receipts, without bearing the exchange risk and liquidity risk, and the rights and interests of the original shareholders can be kept, so there is no a significant impact on the rights and interests of the original shareholders.

4. This financed funds are expected to be used for one item or multiple items required by the Company's long-term development. The implementation of this plan is expected to strengthen the Company's international competitiveness and improve its operational efficiency, and will also be beneficial to shareholders' rights and interests.

5. After this proposal of cash capital increase is reported to the competent authority and becomes effective, Chairman will be authorized to determine subscription base date and capital increase base date and handle matters related to this cash capital increase.

(II) Issue common shares by increasing cash capital in the way of private placement

According to Article 43-6 of the "Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities", the following matters shall be stated:

1. Basis and rationality for determining price of private placements;

(1) The price of private common shares shall be not lower than 80% of the higher price between the prices calculated according to the following two benchmarks on the pricing date.

a. The share price after simple arithmetic average of the closing price of common

shares calculated on one day among the first, third and fifth business days before the pricing date, minus stock dividends excluding rights and cash dividends, and plus capital reduction and including rights.

b. The share price after simple arithmetic average of the closing price of common shares calculated on the thirtieth business day before the pricing date, minus stock dividends excluding rights and cash dividends, and plus capital reduction and including rights.

(2) For the actual pricing date and the actual issue price of private common shares, it is proposed to authorize the Board of Directors to determine them within the range of not less than the percentage approved by the Shareholders' Meeting, according to relevant laws and regulations, depending on the future market conditions and the selected strategic investors, after they are submitted to the Shareholders' Meeting for approval. The basis for determining the above-mentioned the price of private common shares is not only in line with the relevant provisions of “Directions for Public Companies Conducting Private Placements of Securities”, but also in view of the fact that within three years from the date of delivery, there are restrictions on the object and number for transferring private securities, and it is not allowed to apply to the competent authority for re-handling of public offering and OTC trading less than three years after delivery. Therefore, such price determination shall be reasonable.

2. The way to choose a specific person:

(1) The object of this private common shares is limited to the specific persons who meet the requirements of Article 43-6 of “Securities and Exchange Act” and provisions of the letter Financial-Supervisory-Securities-Corporate- No.1120383220 on September 12, 2023.

(2) At present, the Company has not agreed on any subscribers, but the selection method and purpose, necessity and expected benefits of the subscribers are as follows:

a. Selection method and purpose: The subscribers are selected based on the principle of adding value to the Company, and those who can directly or indirectly improve the business performance of the Company in the future will be given priority.

b. Necessity and expected benefits: The subscribers will help the Company to upgrade technology, reduce costs, expand market development or strengthen the relationship between suppliers and customers by their own experience, technology, knowledge, brand or reputation.

3. Necessary reasons for private placements, allowable amount of private placements, use of funds and expected benefits:

(1) Reasons for not adopting public offering:

Compared with public offering, the provision that private securities cannot be freely transferred within three years will ensure the long-term cooperative relationship between the Company and strategic investment partners; in addition, by authorizing the Board of Directors to handle private placement according to the actual operational needs of the Company, the mobility and flexibility of the Company in financing can also be improved effectively.

(2) Allowable amount of private placements: It is proposed to be handled within the limit of 10,000,000 common shares, each with a denomination of NT\$ 10, and the total amount for private placements will be calculated according to the final price of private placements.

(3) Use of funds and expected benefits:

Expected handling times	Expected number of private shares	Use of funds	Expected benefits
The first time	3,000,000 shares	Used for increasing working capital and/or repaying liabilities.	Used for enhancing working capital and solvency, and improving financial structure.
The second time	3,000,000 shares		
The third time	4,000,000 shares		
As to the expected number of private shares at the first, second and third times, all or part of the previously unissued shares and/or the shares to be issued subsequently may be issued at the same time when they are handled at each time.			

4. According to Article 43-8 of the “Securities and Exchange Act” and the relevant laws and regulations of the competent authority, this private common shares shall not be freely transferred within three years from the date when the Company delivers the private common shares, except under certain circumstances as stipulated by laws and regulations; three years after the delivery of the private common shares, the Company shall apply to the competent authority for re-handling of the public offering and OTC trading of the private common shares in accordance with relevant laws and regulations.

Ultra Chip Inc.

Articles of Incorporation (Before Revision)

Chapter 1 General Rules

- Article 1 The Company shall be incorporated in accordance with the regulations related to company limited by shares specified in the Company Act, and its name shall be “ULTRACHIP INC.”.
- Article 2 The business items of the Company shall be as follows:
- I. CC01080 Electronics Components Manufacturing.
 - II. CC01050 Data Storage Media and Processing Equipment Manufacturing.
 - III. CC01070 Telecommunication Equipment and Apparatus Manufacturing.
 - IV. I301010 Information Software Services.
 - V. F218010 Retail Sale of Computer Software.
 - VI. F219010 Retail Sale of Electronic Materials.
 - VII. F213060 Retail Sale of Telecommunication Apparatus.
 - VIII. F119010 Wholesale of Electronic Materials.
 - IX. F113070 Wholesale of Telecommunication Apparatus
 - X. I501010 Product Designing.
 - XI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company shall have its head office in Taipei City, and when it is determined to be necessary, upon the resolution of the Board of Directors, branch offices may be established domestically or overseas according to the laws.
- Article 4 The Company’s public announcements shall be made in accordance with Article 28 of the Company Act.
- Article 5 The Company may provide guarantees to the external and conduct investments in other business, the investment total amount shall not be subject to the limitation under Article 13 of the Company Act that its investment shall not exceed 40% of its paid-in capital.

Chapter 2 Shares

- Article 6 The total capital of the Company shall be in the amount of NT\$1.84 billion, divided into 184 million shares, at NT\$10 per share, and for the undistributed shares, the board of directors is authorized to perform share issuance at discrete times.
- For the total capital described in the preceding paragraph, 11.5 million shares are reserved as the shares for the employee stock option certificates and the exercise of the share subscription right, and the board of directors is authorized to establish the procedures for actual issuance, followed by issuance at discrete times through resolution.
- Where the price of employee stock option certificates issued by the Company is lower than the Company’s common share price closed on the date of issuance, or

treasury shares are transferred to employees at a price lower than the average price of actual repurchase of shares, such issuance and transfer of shares shall only be made when the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.

Article 7 The shares of the Company shall be registered and signed or sealed by at least three directors. In addition, the shares shall be certified by the competent authority or a registration institution approved by the competent authority for the issuance thereof.

For the shares issued by the Company, consolidated share certificates may be printed or the printing of share certificates may be exempted according to the Company Act; however, the shares shall be under the custody or shall be registered with the Centralized Securities Depository Enterprises.

Article 8 The administration of relevant shareholder services of the Company shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" announced by the competent authority.

Article 9 Registration of assignment/transfer of shares shall not be made within sixty days prior to the convening date of an ordinary shareholders' meeting of each term, or within thirty days prior to the convening date of an extraordinary shareholders' meeting, or within five days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 10 Where the Company plans to cancel the public offering of shares, it shall be reported to the shareholders' meeting for resolution, and such clause shall not be changed during the public listing at the emerging market and TWSE (TPEX).

Chapter 3 Shareholders' Meeting

Article 11 The shareholders' meeting are classified into two types of the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once annually, and shall be convened within six months after the closing of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary according to relevant laws.

A shareholders' meeting convened by the Company may be held by video conferencing or any other means as announced by the central competent authority.

Meetings adopting the video conferencing method shall comply with relevant regulations of criteria, operation procedures and other requirements. Where the competent authority of securities specify other requirements, such requirements shall also be complied.

Article 12 Where a shareholder for any reasons cannot attend the shareholders' meeting in person, he or she may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy and signed or sealed by the shareholder. The use of power of attorney shall comply with Article 177 of the Company Act and shall also be handled accordingly to the "Regulations Governing the Use of Proxies for

Attendance at Shareholders' Meetings of Public Companies" announced by the competent authority of securities.

Article 13 The chairman of the board shall be the chair of the shareholders' meeting convened by the board of directors. In case where the chairman of the board is on leave due to reasons, the proxy thereof shall be handled in accordance with the regulation of Article 208 of the Company Act. Where a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. Where there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 14 Unless otherwise specified in the laws, each shareholder of the Company shall have one voting right for each share held.

Article 15 Resolutions at a shareholders' meeting, unless otherwise specified in relevant laws, shall be adopted by a majority of the shareholders presented in person, who representing more than half of the total number of the Company's outstanding shares, and shall be executed based on the majority of the voting rights of the attending shareholders.

Article 16 Resolutions of a shareholders' meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or sealed by the chair of the shareholders' meeting and indicated with the year, month, date, place, name of chair, resolution method, resolution summary and result of the meeting. In addition, the meeting minutes shall be distributed to each shareholder within twenty days after the close of the meeting, and the public announcement method may be adopted.

The meeting minutes described in the preceding paragraph along with the signature book of attending shareholders and the power of attorneys of attending proxies shall be preserved at the Company according to Article 183 of the Company Act.

Chapter 4 Directors

Article 17 The Company shall have five to nine directors, and the candidate nomination system shall be adopted. The directors shall be selected by the shareholders' meeting from the candidate list, with the term of office of three years, and the directors are also eligible for re-elections. The board of directors may purchase liability insurances for the elected directors through resolution.

The total number of registered shares held by all directors shall be handled according to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

Article 18 In the aforementioned roster of directors, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. Relevant matters of the professional qualification, concurrent job position limitation, nomination and election methods of the independent director as well as other necessary requirements shall comply with relevant regulations specified by the competent authority of securities.

Article 19 The board of directors shall be formed by directors. A chairman of the board shall be

elected from among the directors during a board of directors' meeting attended by more than two-thirds of the directors and with the consents of a majority of all attending directors. In addition, a vice Chairman may also be elected from among the directors via the same method when it is considered necessary. The chairman of the board shall act as the chair of the shareholders' meetings and board of directors' meetings and shall represent the Company externally in order to execute all affairs of the Company according to the laws and resolutions of the shareholders' meeting and board of directors' meeting.

Article 20 The management policies and other important matters of the Company shall be determined by the board of directors via resolution. The board of directors may establish functional committees depending upon the need of the business operation, and it is then implemented after the responsibility and authority regulations of each committee have been approved by the board of directors.

Article 21 Unless otherwise specified in the Company Act, resolutions of board of directors' meetings shall be executed based on the attendance of the majority of directors and the consents of a majority of the attending directors. When a director cannot attend a board of directors' meeting due to reasons, he/she may appoint another director to attend the board of directors' meeting as a proxy thereof, which shall be handled in accordance with Article 205 of the Company Act.

For the convention of a board of directors' meeting, the convention reasons shall be indicated clearly in the meeting notice, and all directors shall be informed of the meeting seven days in advance. However, in case of emergencies, a meeting may be convened at any time.

The convention notices of the board of directors' meeting described in the preceding paragraph may be made in writing, facsimile or electronic method.

Resolutions and proceedings of board of directors' meetings shall be recorded in meeting minutes and shall be handled in accordance with Article 16 of these Article of Incorporation.

Article 22 Directors executing duties of the Company may collect remuneration or travel allowance, and the board of directors is authorized to pay such remuneration and allowance based on the common standard adopted in the same industry. When directors of the Company attend meetings of the Company, a travel allowance of NT\$3,000 is paid to each director each time.

Chapter 5 Managerial Officers and Employees

Article 23 With regard to the managerial officers established by the Company, the appointment, discharge and remuneration of the managerial officers shall be handled in accordance with Article 29 of the Company Act.

The Company may establish the job positions of chief executive officer (CEO) and chief technology officer (CTO) according to the resolutions of the board of directors, and the appointment, discharge and remuneration of CEO and CTO shall be executed by a board of director's meeting attending by a majority of the directors and based on

the consents of a majority of the attending directors through resolution.

Chapter 6 Accounting

Article 24 At the end of each fiscal year of the Company, the board of directors shall prepare the following reports and statements for submission to the ordinary shareholder's meeting to request for ratification:

- (1) Business report.
- (2) Financial statements.
- (3) Proposal for earnings distribution or deficit compensation.

Article 25 Where the Company has a profit in a fiscal year, it shall appropriate 5% to 18% of the profit as the employees' remuneration and no more than 5% thereof as the remuneration of directors. However, when the Company still has accumulated losses, amount shall be reserved to compensate such losses first, followed by calculating the employees' remuneration and the remuneration of directors.

The employees' remuneration may be distributed in the form of shares or cash based on the resolution of the board of directors, and the subjects for receiving the shares or cash may include employees of subordinate companies satisfying certain criteria.

Article 26 When the Company has a surplus earning after the final account of a fiscal year, in addition to the tax payment according to the laws and compensation of losses of previous years, 10% of the earning shall be appropriated as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, such restriction shall not be applicable. In addition, special reserve shall also be appropriated or reversed depending upon the operational needs of the Company or according to the regulations of the competent authority. If there is still remaining balance, it shall be combined with the undistributed earnings at the beginning of the same period for the board of directors to establish a proposed for distribution of earnings, followed by submitting to the shareholders' meeting for resolution on the distribution thereof.

For the net accumulated deduction amount of other equity recognized from the previous period, the Company shall appropriate a special reserve of the same amount from the undistributed earnings of the previous period. In case where such amount is still insufficient, the net income after tax of the current period plus the items other than the net income after tax of the current period shall be counted for the amount of undistributed earnings of the current period in order to make the appropriation.

The Company is presently under the corporate growth stage, and there will be plans for expansion of business and personnel as well as capital demands in the future years. The distribution of shareholders' dividends may be made in the form of cash or shares, wherein the cash dividends shall not be less than 10% of the total dividends. However, when the amount distributed per share for the cash dividends is less NT\$0.5, the full amount of distribution may be changed to share dividends. For the ratio of the aforementioned distribution of earnings and the ratio of share and cash dividends, the Company may determine based on the actual profit and capital

status and may also consider the capital budget of next year for planning, which may be adjusted according to the resolution of the shareholders' meeting.

Chapter 7 Supplementary Provisions

Article 27 The organizational charter and operational rules Company shall be further established by the board of directors.

Article 28 Any matters not specified in these Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 29 These Article of Incorporation were duly enacted on August 3, 1999. The 1st amendment was made on August 16, 1999. The 2nd amendment was made on January 31, 2000. The 3rd amendment was made on January 17, 2001. The 4th amendment was made on June 22, 2001. The 5th amendment was made on June 28, 2002. The 6th amendment was made on June 19, 2003. The 7th amendment was made on April 26, 2004. The 8th amendment was made on May 20, 2005. The 9th amendment was made on June 14, 2006. The 10th amendment was made on June 19, 2009. The 11th amendment was made on June 4, 2010. The 12th amendment was made on June 9, 2011. The 13th amendment was made on June 5, 2012. The 14th amendment was made on April 18, 2013. The 15th amendment was made on June 13, 2014. The 16th amendment was made on May 27, 2016. The 17th amendment was made on June 7, 2017. The 18th amendment was made on June 6, 2018. The 19th amendment was made on May 12, 2022.

Ultra Chip Inc.

Chairman: Yu-Tung Hsu

Ultra Chip Inc.

Rules of Procedure for Shareholders' Meeting

Amended by the general shareholders' meeting on May 12, 2022

Article 1 Purpose and Basis

These Rules of Procedure for Shareholders' Meetings are established to promote the successful proceedings of the shareholders' meeting of the Company. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by laws and regulations, shall be as provided in these Rules.

Article 2 Applicable Scope

These Rules are applicable to shareholders' meeting of the Company.

Article 3 Operating Procedures and Precautions

1. The shareholders described in these Rules refer to shareholders indicated in the roster of shareholders or proxies authorized by shareholders to attend meetings on their behalf, and representatives designated by corporate shareholders.
2. Shareholders attending shareholders' meeting shall sign in or submit sign-in card in lieu of signing in. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders.

The time for accepting shareholders' attendance registrations shall be at least thirty minutes prior to the meeting commencement time. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform thirty minutes before the meeting starts. Shareholders completing registration are deemed as attending the shareholders' meeting in person.

In the event of a virtual shareholders' meeting, shareholders planning to attend the meeting online shall register with the Company two days before the meeting date.

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

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

The attendance and voting at a shareholders' meeting shall be calculated based the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting

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

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

The aforementioned number of shares for which voting rights may not be exercised shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder service agent approved by the competent authority of securities, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

4. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent Directors with respect to the place and time of the meeting.

When the Company convenes a virtual shareholders' meeting, the restrictions on the place of the meeting shall not apply, and both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

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

In case where the chairman of the board is on leave or cannot exercise his/her power and authority due to reasons, the chairman of the board may appoint a director to act as a proxy thereof; where the chairman of the board fails to appoint a proxy, the directors shall elect one director from among themselves to act as the proxy thereof.

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

6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting. Staff handling administrative

affairs of a shareholders' meeting shall wear identification cards or arm bands.

7. The Company shall record on audio or video tape the entire proceedings of a shareholders' meeting and preserve the recordings for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held via video conferencing, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

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

8. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Paragraph 2 of this article.

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

9. Where a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the

original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The aforementioned provisions apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the aforementioned meeting agenda (including extraordinary motions), except by a resolution of the shareholders' meeting.

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

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

For the meeting agenda and supplemental meeting materials described in the preceding paragraph, the Company shall provide them to the shareholders for review on the convention date of the shareholders' meeting according to the following methods:

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- III. For virtual shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

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

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

The reason of convention of shareholders' meeting has indicated the re-election of directors, and the date of assuming the position is also indicated. After the re-election is completed in such session of shareholders' meeting, the date of assuming the position shall not be changed through extempore motion or other methods.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at an ordinary shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraphs of Paragraph 4 of Article 174-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before an ordinary shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than ten days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words shall be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the ordinary shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this

article. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholders' proposals not included in the agenda.

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

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

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes.

If the shareholder's speech violates the rules of the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

12. When a juristic person is appointed to attend a shareholders' meeting as a proxy, it shall designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

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

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The provisions of the preceding three paragraphs shall not be applied.

14. When the chair at a shareholders' meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall have the identity of shareholders of the Company. Vote counting for proposals or elections of a shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. In addition, immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and record shall also be made.

16. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting

temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

17. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. In addition, on the same day after the conclusion of the shareholders' meeting, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced, and the results of votes and election shall be disclosed immediately on the virtual meeting platform for shareholders' meeting according to the regulations, and such disclosure shall continue at least fifteen minutes after the chair has announced the meeting adjourned.

18. When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) assist to maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
20. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The aforementioned meeting minutes may be distributed by means of a public announcement made through the MOPS.

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

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the aforementioned meeting minutes, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the meeting minutes.

When convening a virtual shareholders' meeting, other than compliance with the aforementioned requirements, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

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

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

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

22. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method

of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the shareholders' meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail; except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the aforementioned voting rights exercised shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting via video conferencing method in accordance with Paragraph 2 of this article decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting via video conferencing method.

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

23. In the event of a virtual shareholders' meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than thirty minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described above, shareholders who have

not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed according to the aforementioned provision, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held according to the aforementioned provision, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described above, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and aforementioned provision for the postponement or resumption of the meeting is not required.

Under the circumstances where a meeting is required to be continued as described above, the shares represented by shareholders' attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

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

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

24. When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending

the virtual shareholders' meeting online.

Article 4 These Rules shall be approved through the resolution of the board of directors and submitted to the shareholders' meeting for approval before implementation. The same requirements shall be applied to amendments thereof.

Ultra Chip Inc. Shareholdings of All Directors

The total number of issued shares of the Company is 75,069,078 shares. Up to the book closure date (March 18, 2024) of the present general shareholders' meeting, number of shares held by individual and all directors indicated in the shareholders' roster are as shown in the following table:

Statutory minimum number of shares required to be held by all directors: Since the number of elected independent directors of the Company has exceeded more than half of all directors and Audit Committee has been established according to the laws, this is not applicable.

Title	Name	Number of shares	Shareholding percentage
Chairman	Yi-Tung Hsu	1,701,273	2.27%
Director	Hsueh-Jen Chien	0	0
Director	Chih-Cheng Chou	0	0
Independent Director	Jonathan Ross	0	0
Independent Director	He-Wei Wang	0	0
Independent Director	Chiu-Yung Huang	0	0
Independent Director	Chien-Hua Hsu	0	0
Total		1,701,273	2.27%