

# **USUN TECHNOLOGY CO., LTD.**



## **Handbook for FY2023 Annual Shareholder's Meeting**

**June 20, 2023**

**Location: No. 68, Shengde North Road, Xihai Village, Dayuan**

**District, Taoyuan City**

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# **USUN Technology Co. LTD.**

## **Agenda of Annual Meeting of Shareholders for FY2023**

- I. Call the Meeting to Order**
- II. Chairperson Remarks**
- III. Management Presentations**
- IV. Proposals**
- V. Discussion**
- VI. Questions and Motions**
- VII. Adjournment**

# **USUN Technology Co. LTD.**

## **Agenda of Annual Meeting of Shareholders for FY2023**

**Convening Method: Physical shareholders' meeting**

**Time: 9 a.m. June 20, 2023 (Tuesday)**

**Location: No. 68, Shengde North Road, Xihai Village, Dayuan District, Taoyuan City**

**I. Call the Meeting to Order ( Announce The Number of Shares in Attendance)**

**II. Chairperson Remarks**

**III. Management Presentations**

1. FY2022 Business Report.
2. Audit Committee's Review Report on FY2022 Financial Statements.
3. Amendment to Guidelines on the Transferring of the Share Buy-Back Program.
4. Implementation of Buy-Back of Treasury Stock.
5. Distribution of Remuneration to Employees and Directors for FY2022.
6. Cash Dividend Distributino for FY2022.
7. The sale of the Company's equity in its investee, Shin Puu Technology Co., Ltd

**IV. Proposals**

1. FY2022 Financial Statements.
2. Distribution of FY2022 Profits.

**V. Discussion**

Proposal for a cash offering by private placement

**VI. Questions and Motions**

**VII. Adjournment**

## Management Presentations

### I. FY2022 Business Reports.

Explanation: For FY2022 Business Report, please refer to Attachment 1 (Page 8-11).

### II. Audit Committee's Review Report on FY2022 Financial Statements.

Explanation: For FY2022 Audit Committee's Review Report, please refer to Attachment 2 (Page 12).

### III. The Amendments to Guidelines on the Transferring of the Share Buy-Back Program.

Explanation: 1. Guidelines on the Transferring of the 1<sup>st</sup> and 2<sup>nd</sup> Share Buy-Back Program for FY 2020 was approved by the Board of Directors on January 8, 2020, and August 12, 2020, respectively.

2. In accordance with Article 28-2 of the Securities and Exchange Law and in conjunction with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, amended by Ref. No. Jin-Guan-Zheng-Fa-Zi-1110383426 of Financial Supervisory Commission, issued on August 15, 2022, it is proposed to amend partial provisions of the Company's Guidelines on the Transferring of the 1<sup>st</sup> and 2<sup>nd</sup> Share Buy-Back Program for FY2020. For Comparison of Provisions Before and After Amendment, please refer to Attachment 3 (Page 13-14) and Attachment 4 (Page 15-16).

### IV. Implementation of Treasury Stock Buy-Back.

Explanation: 1. Implementation of treasury stock buy-back for 2022 is as follows:

Buy-back batch	9 <sup>th</sup> batch
Purpose of the buyback	Transfer shares to employees
Buyback period	11/15/2022-12/30/2022
Price Range for Buying Back (NTD)	21-38
Share Type and Quantity Bought (share)	862,000
Amount of share bought back (NTD)	28,950,584
Ratio of bought-back shares to planned bought-back (%)	86.2
The number of shares which have been eliminated and transferred (shares)	0
Accumulated number of shares held by the Company (shares)	2,462,000
Accumulated number of held shares of the Company to total issued shares (%)	3.92

2. For Guidelines on the Transferring of the 9th Share Buy-Back Program, please refer to Attachment 5 (Page 17-18).

### V. Distribution of Remuneration to Employees and Directors for FY2022

Explanation: 1. According to Article 20 of the Articles of Association, if there is a profit in the company's annual accounts, no less than 5% shall be allocated for employee remuneration and no more than 3% for directors' remuneration.

2. The Board of Directors resolved to distribute NTD 19,290,357 (15%) for employees and NTD 3,858,071 (3%) for directors, all of which will be paid in cash. No difference is found against the amount of expenses recognized in the accounts of FY2022.

3. The above appropriated amounts were approved by the Remuneration Committee of the Company and the Board of Directors.

#### VI. FY2022 Cash Dividend Distribution

- Explanation: 1. According to the Company's Articles of Association, if the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve, or capital reserve in cash, the proposal shall be authorized by the Board of Directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting, and then submit the proposal to the shareholders meeting for resolution.
2. According to the resolution of the Board of Directors on March 23, 2023, the Company will appropriate NTD 120,822,016 as cash dividend, which means NTD 2 per share will be distributed, rounded-down full NT dollar. Amounts less than one whole NT dollar are rounded-down to the nearest NT dollar. For the aberration amount of less than NTD 1, the Chairman shall be authorized to negotiate with specific persons for bearing that amount.
  3. The ex-dividend date, payment date and other related matters of cash dividend distribution shall be determined by the Chairman.
  4. If, due to the repurchase of treasury shares or the transfer of treasury shares to employees, elimination or cash capital increase, or employee's exercise of the subscription right of stock option certificates, the Company issues new shares, which affects the number of outstanding shares, and therefore changes the dividend distribution ratio, the Chairman shall be authorized to adjust the number of outstanding shares on the ex-dividend date according to the proportion.

#### VII. The sale of the Company's equity in its investee, Shin Poo Technology Co., Ltd

- Explanation: 1. The Company intends to sell the 18.5% shares of Shin Poo Technology Co., Ltd. (hereinafter "Shin Poo Technology") which the Company holds, totaling 3,214,234 shares.
2. It is proposed to authorize Chairman Yuanchao Wu of Shin Poo Technology to sign the Share Purchase Agreement and all other relevant documents with Advantest America, Inc. or the entity it designates as the buyer of the share trading (hereinafter "the buyer") and other shareholders of Shin Poo Company.
  3. The trading price is NTD 356,310,000 (total transaction price is NTD 1,926,000,000\*18.5%), adjusted according to net working capital, cash, liabilities, sale expenses and other items on the closing date. 12.5% of the purchase price is retained as a guarantee for custody, amounting to NTD44,538,750. The escrow period is 15 months after the first delivery date, and the portion with the outstanding dispute is retained for up to 5 years.
  4. According to the Company's "Procedures for Asset Acquisition or Disposition" and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", if the transaction amount reaches 20% of the company's paid-in capital or more than NT\$300 million, the company should consult the accountant to express his or her opinion on the reasonableness of the transaction price before the date of occurrence of the event, and request by the accounting firm to issue an opinion on the equity transaction price.

#### Proposals

Proposal 1: Submitted by the Board of Directors

Subject: Adoption of the FY2022 Business Report and Financial Statements

Explanation:1. The Company's FY2022 Business Report, Consolidated Financial Statements and Parent

Company Only Financial Statements were audited by Audit Committee and approved by Board of Directors. The aforementioned Consolidated and Parent Company Only Financial Statements were audited and certified by Jo-Ying Tsai and Zheng-Jun Chiu, Independent Accountants from Deloitte Touche Tohmatsu Limited. Hence, an unqualified opinion audit report is hereby presented.

- For the FY2022 Business Report, Independent Auditors' Audit Report, and the Consolidated and Parent Company Only Financial Statements, please refer to Attachment 1 (Page 8-11) and Attachment 6 (Page 19-40).

Resolution:

Proposal 2: Submitted by the Board of Directors

Subject: Adoption of the Proposal for Distribution of 2022 Profits

Explanation: 1. The Proposal for Distribution of FY2022 Earnings has been audited by Audit Committee and resolved by Board of Directors. Please refer to the Earmomg Distribution Table as follows:

USUN Technology Co. LTD.

EARNING DISTRIBUTION TABLE

FY2022

Unit: NTD

Beginning undistributed earnings		75,284,860
Plus: Net profit	102,638,262	
Less: Eliminated treasury stock	(1,929,917)	
Defined benefit plan remeasurement recognized in retained earnings	11,185,211	
The amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period"		111,893,556
Less: Provision of statutory earning reserve (10%)		(11,189,356)
Less: Provision of special earning reserve		(1,701,724)
Distributable earning		174,287,336
Distributed items		
Cash dividend for shareholders - NTD 2 per share		(120,822,016)
Ending undistributed earning		53,465,320

Chairman: Chiu-Feng Huang

General Manager: Chian-Cheng Chen

Financial

Accounting Manager: Cheng-Hsiang Yeh

Resolution:

**Discussion**

(Submitted by the Board)

Subject: Proposal for a cash offering by private placement

Explanation: 1. In order to enhance its working capital, improve its financial structure, or meet other capital needs for future development, the Company intends to conduct a general cash offering by issuing common shares in accordance with Article 43-6 of the Securities and Exchange Act, subject to market conditions and the Company's capital requirements. The Company respectfully requests that the shareholders' meeting authorize the board of directors to conduct this private placement within one year after the resolution in thi shareholder's meeting. The details are as follows:

- (1) Issued Shares: The shares to be issued will not exceed 15,719,000 shares.
  - (2) Par Value Per Share: NTD 10.
  - (3) Total Amount: Calculated on the final price of private placement.
2. The private placement in accordance with Article 43-6 of the Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities is explained as follows:
- (I) The basis and rationale of the private placement price:
    - (1) The reference price for the private placement of common shares will be determined as the simple arithmetic average of the closing price of common shares calculated based on (A) 1, 3, or 5 business days prior to the pricing date, and (B) 30 business days prior to the pricing date. The simple arithmetic average of the closing price of common shares on a business day will be calculated after deducting the stock prices for ex-rights and dividends of the gratuitous allotment and adding back the capital reduction and reverse-ex-rights. The higher price calculated by these two basis will be selected.  
The basis for setting the reference price complies with Directions for Public Companies Conducting Private Placements of Securities and is, therefore, reasonable.
    - (2) The actual issuing price of the private placement of common shares shall not be less than 80% of the reference price. It is proposed to request the Board of Directors determine such price in accordance with relevant laws and regulations, along with prevailing market conditions and objective factors.
    - (3) This pricing method complies with the relevant laws and regulations and is reasonable. The actual pricing date and the actual private placement price will fall within the proportion resolved in the shareholders' meeting. The Board of Directors will be authorized for the decision according to the specific person(s) of the company and the market conditions in the future.
  - (II) The determinatin manner of the specific person(s):
    - (1) The subjects of this private placement of common shares will comply with the relevant requirements of Article 43-6 of the Securities and Exchange Act and the provisions on the specific person(s) limitation stipulated in Circular Tai Tsai Zheng Zhi Yi No. 0910003455 dated June 13, 2002.
    - (2) The Company has not yet identified the subscribers, and the subscribers in this case shall be limited to strategic investors. The manner, purpose, necessity, and expected benefits of subscriber determination are as follows:
      - A. Choice and Purpose of Subscribers: The Company seeks subscribers who can directly or indirectly benefit its future operations. These subscribers can not only assist the Company with required management and financial resources, not also strengthen the Company's customer structure, product types, and marketing capabilities through their assistance.
      - B. Necessity: Given recent changes in product demand, the Company plans to introduce strategic investors who can enhance its competitive advantage and contribute to future product and market development.
      - C. Expected Benefits: The introduction of these subscribers is expected to accelerate the emergence of the Company's opportunities for product and market development. Through industry integration or joint research and development, the Company can improve its technology, enhance efficiency, expand its market, and achieve steady growth.
  - (III) The necessities of private placements:
    - (1) Reasons for not choosing public offerings:  
Private placements are preferred to public offerings in order to raise funds in a timely manner and obtain long-term funds within a short period of time. The restrictions on transfer within three years are conducive to stabilizing and expanding the Company's business operations.
    - (2) The target shares:



The maximum number of common shares to be issued is 15,719,000 shares, with a face value of NTD10 per share. The private placement can be processed in one batch within one year from the resolution of the shareholders' meeting.

(3) Use of funds:

The funds raised from the private placement will be used for replenishing operating funds, improving the financial structure, or supporting other capital needs to respond to the long-term development of the Company.

(4) Expected benefits:

Enhancing the Company's competitiveness and improving operational efficiency will have positive benefits for shareholders' equity.

(IV) Whether there is a major change in the management right within one year before the Board of Directors decides to conduct the private placement or, after the introduction of strategic investors through the private placement, whether it will cause a major change in the management right: No. There is no major changes in management rights.

(V) In accordance with Article 43-6 of the Securities Trading Law, the details of the Company's private placement proposal is available on Market Observation Post System website (URL: <https://mops.twse.com.tw>): Investors should click on the "Investment Section" and go to "Private Placement Information Query" under "Private Placement" before selecting the market type as "OTC" and entering the Company's Stock Code, "3498". The explanation of the proposal is also available on the Company's website (URL: <http://www.usuntek.com>). Investors should click on the "Investors" and go to "Shareholders' Meeting" before click on "Handbook for Shareholders' Meetings" for the explanation of the proposal.

- 3 The common shares issued in this private placement shall have the same rights and obligations as the common shares previously issued by the Company. However, according to Securities and Exchange Act, the Company's private placement shares may not be sold, except to eligible investors as defined in Article 43-8 of the Securities and Exchange Act, within three years from the delivery date. After the three-year lock-up period, the Company may apply to the competent authority for a public offering and listing in accordance with relevant regulations.
- 4 The primary contents of this private placement plan include the pricing discount, the issuing price, number of shares, issuing conditions, project plans, progress in fund utilization, expected benefits, and other related matters. If any changes should result from the decision of the competent authorities or objective environmental factors, the Board of Directors shall be authorized by the shareholders' meeting to respnd to the matter in accordance with relevant regulations.
- 5 The proposal for this private placement is hereby presented to the annual shareholders' meeting for approval, and the Chairman or the representative he/ she designates shall be authorized to sign all contracts or documents relating to the issuance of privately placed common shares and manage all the necessary tasks associated with the issuance of privately placed common shares.
- 6 Discussion:

Resolution:

## Questions and Motions

## Adjournment

**USUN Technology Co. LTD.**  
**FY2022 Business Report**

**I. FY2022 Business Report**

## 1. Performance of the business plan

The consolidated operating income of the Company in FY2022 was NTD 1,740,809 thousand, an increase of NTD 274,328 thousand from NTD 1,466,481 thousand of FY2021, and the net profit after tax in FY2022 was NTD 102,638 thousand attributable to the Parent Company, and the basic EPS was NTD 1.68.

Unit: NTD Thousand

Item	FY2022	FY2021	Difference
Operating income	1,740,809	1,466,481	274,328
Realized operating margin	446,022	502,449	(56,427)
Operating profit and loss	(65,467)	29,031	(94,498)
Net profit or loss after tax attributable to Parent Company	102,638	16,551	86,087
EPS (NTD)	1.68	0.27	1.41

## 2. Budget implementation

Unit: NTD Thousand

Item	Actual number	Budgeted number	Differences
Operating income	1,740,809	2,349,905	(609,096)
Operating costs	1,294,787	1,744,472	(449,685)
Operating margin	446,022	605,433	(159,411)
Sales expenses	82,074	89,031	(6,957)
Management expenses	160,552	142,201	18,351
R&D expenses	243,076	270,982	(27,906)
Expected credit loss	25,787	0	25,787
Total operating expenses	511,489	502,214	9,275
Operating income	(65,467)	103,220	(168,687)
Net non-operating income and expenditure	170,707	25,936	144,771
Pre-tax income	105,240	129,156	(23,916)
Income tax expense	3,346	25,609	(22,263)
Net profit (after tax)	101,894	103,547	(1,653)
EPS (NTD)	1.68	1.69	(0.01)

3. Analysis of financial revenue and expenditure and profitability

Unit: NTD Thousand

		FY2022	FY2021	
Financial income and expenditure	Operating income	1,740,809	1,466,481	
	Operating margin	446,022	502,449	
	Profit before tax (loss)	105,240	38,219	
Profitability	Return on Assets (%)	2.69	0.42	
	Return on Shareholders' Equity (%)	4.35	0.72	
	Ratio to paid-in capital (%)	Operating income	(10.41)	4.57
		Net income before tax	16.74	6.02
	Profit margin (%)	5.85	2.61	
	EPS (NTD)	1.68	0.27	

4. Results of the product development

1. Plant-Wise Intelligent Automation Equipment
2. Automated Loading and Unloading for Stamping Die
3. Foil Application Line
4. Lens Assembly Machine
5. Automated PU Injection Molding Machine
6. Semi-Automatic Assembly Line with PU Dispensing Equipment
7. The Packaging System for Tubes with Medium Diameter
8. Intelligent Bonding Equipment for Soft Materials
9. AR Lens Bonding Devices
10. Coating Process for Wafer\_3um Piezoelectric Materials
11. Coating Process for 75nm-thick Biochips
12. The Process with CO2 Laser Preheating to Reduce Film Cutting Dust
13. Precision Cutting Technology for PC Materials
14. Double-Sided Film Stripping Equipment for the 8.5th Generation Glass
15. Thermoforming Lamination Equipment for Curved Surfaces
16. The Automated AMR Production System
17. Development of the AMR Control System
18. Development of SLAM

## II. Summary of FY 2023 Business Plan

### I. Business Policies

Our company specializes in researching, designing, and manufacturing automation system equipment. In response to industry trends, we actively develop automation process equipment which meets customer needs, render comprehensive technical services, and establish close partnerships with our clients. We adhere to the business policy of "Satisfy Customer Needs and Build Our Future Together," the quality policy of "The Right Time, The Right Quality, and The Right Price" and the core values of "Integrity, Enthusiasm, Innovation, Professionalism, Proactivity, and Flexibility." By integrating our internal resources and persistently improving, we strengthen our competitive advantage and niche market.

### II. Expected Sales Volume and Basis

Our company has set the expected products sales volume and amount for the next fiscal year, based on the "Sales Forecasting Operation" of the internal control management procedure, "Sales and Collection Cycle", along with the factor of the industry's economic cycle.

### III. Significant Production and Sales Policies

#### 1. Marketing Strategies

- (1) Place customer satisfaction as our top priority, and render professional technical services which

integrate machinery, electronics, and software to deliver high-performance and cost-effective automation manufacturing so as to assist our clients to seize favorable business opportunities.

- (2) Uphold the corporate management philosophy of "Integrity, Responsibility, Innovation, and Service" to enhance our competitiveness.
- (3) Transform ourselves from equipment manufacturer to a smart manufacturing and automation integration solution provider.
- (4) Develop intelligent and autonomous mobile robot architectures to flexibly respond to factory automation applications.
- (5) Expand our international market share and establish overseas technical cooperation to maximize our core value and volume.
- (6) Incessantly improve our customer service support and response time to enhance service quality.

## 2. Production and Quality Strategies

- (1) Develop new raw material suppliers to reduce product costs, through healthy competition, and ensure the stable source and quality of key components.
- (2) Strictly manage supplier qualifications externally and implement the quality policy of delivering on time and on quality to customers without allowing defective products to flow into subsequent internal processes. Fortify the execution of the supplier evaluation system, review and replace unsuitable suppliers every year, focus on high-quality supply chain relationships, and implement the quality policy of "Customer satisfaction as our top priority."
- (3) Comprehensively manage quality control in respect of abnormal numbers, lead times, industrial safety, and inventory, among others. Reinforce the abnormal statistical analysis, develop training courses or technical bulletins in accordance with the degree of influence, avoid repeated abnormalities, and minimize costs to achieve the Company's quality goals.
- (4) Strengthen the integration of production and manufacturing, improve the level of product manufacturing, enhance production efficiency, and reduce production costs.
- (5) Further integrate group resources and establish the most efficient production management model to maximize market competitiveness.

## IV. Future Business Development Strategies

### Short-Term Strategies

Focusing on the core business and showcasing enterprise value:

- (1) Place customer satisfaction as our top priority, and render professional technical services which integrate machinery, electronics, and software to deliver high-performance and cost-effective automation manufacturing so as to assist our clients to seize favorable business opportunities.
- (2) Uphold the corporate management philosophy of "Integrity, Responsibility, Innovation, and Service" to enhance our competitiveness.
- (3) Transform ourselves from equipment manufacturer to a smart manufacturing and automation integration solution provider.
- (4) Develop intelligent and autonomous mobile robot architectures to flexibly respond to factory automation applications.

### Medium-Term Strategies

Extending the core business and expanding our operational scale:

- (1) Metaverse.
- (2) Integration of industrial intelligent automation systems.
- (3) Precision coating and bonding equipment.
- (4) PCB/CCL intelligent production equipment.
- (5) The intelligent production equipment for the fiberglass industry.

### Long-Term Strategies

Investing in future trends and expanding the operating market:

Investing in Mxed-Reality (MR) technology products.

## V. Impact of External Competitive, Regulatory and Macro-Operating Environments

Despite the gradual containment of the COVID-19 pandemic around the world, the global economy still faces formidable challenges in the post-pandemic era. These challenges include the ongoing Russia-Ukraine conflict, inflationary threats, geopolitical risks, China's economic policies, US-China trade tensions, and climate changes, among other uncertain factors. Major international organizations predict

that global economic growth this year will be lower than last year. With the lackluster economic growth of the two major economies, i.e., China and the U.S.A, coupled with pressure to reduce inventory and other factors, the inflation rate, although exhibiting signs of deceleration, remains high. Furthermore, the monetary policies of various central banks, spearheaded by the US Federal Reserve (Fed), are anticipated to remain stringent. Therefore, the global economic outlook for 2023 is not sanguine.

Looking forward to 2023, most economic projections forecast low growth or even recession. Fortunately, the impact of the domestic pandemic has gradually waned, and the government has considerably eased relevant preventive and control measures. As a result, domestic consumption and related industries have improved, leading to a shift in economic support from exports to domestic demand. Consequently, the performance of Taiwan's economy in 2023 is expected to remain stable, primarily reliant on private consumption support.

Our company will persist in cultivating the automation equipment market amid the severe challenges and uncertainties of the global economy. In addition to mastering core technologies and enhancing market cultivation, one of our upcoming challenges will be the low-carbon issue. Our company will incorporate environmental protection and energy conservation into our business model and adhere to corporate governance regulations and sustainable management principles.

Additionally, we will continue to uphold our market awareness and technological superiority by introducing tailored equipment for diverse industries. We will remain committed to our fundamental principles, relentlessly striving for excellence, and investing in the development of niche, high-cost-effective products. As we look ahead, our company maintains a cautiously optimistic outlook and will maintain a steady course of action to continuously enhance our core competitiveness and elevate the company's value. We aspire to achieve a mutually beneficial business outcome for our shareholders, customers, and employees.

Chairman: Chiu-Feng Huang

Manager: Cheng-Hsiang Yeh

General Manager: Chian-Cheng Chen

Financial Accounting

**USUN Technology Co. LTD.**  
**Audit Committee's Audit Report**

The Company's FY2022 Business Report, Consolidated Financial Statements and Parent Company Only Financial Statements were audited by Audit Committee and approved by Board of Directors. The aforementioned Consolidated and Parent Company Only Financial Statements were audited and certified by Jo-Ying Tsai and Zheng-Jun Chiu, Independent Accountants from Deloitte Touche Tohmatsu Limited. Hence, in accordance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Act, an unqualified opinion audit report is hereby presented.

Sincerely,

FY2023 General Shareholders' Meeting

USUN Technology Co. LTD.

Audit Committee

Convener Juan-Chi Weng

March 28, 2023

## USUN Technology Co. LTD.

### Guidelines on the Transferring of the 1<sup>st</sup> Share Buy-Back Program for FY2020 Comparison of Provisions Before and After Amendment

Amended Provisions	Current Provisions	Remark
<p>Article 1: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of <u>Securities and Futures Bureau, Financial Supervisory Commission</u> on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 3rd Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.</p>	<p>Article 1: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 3rd Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.</p>	In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.
<p>Article 4: All official employees or full-time employees of the Company and domestic and foreign subsidiaries who have made special contributions to the Company and the said contributions have been submitted to <u>the Board of Directors</u> for approval before the Subscription Date (hereinafter referred to as “subsidiaries” means those which directly or indirectly hold more than 50% of the voting shares of the same invested company and have the control power) are entitled to subscribe the shares specified in Article 5 of this Procedure.</p>	<p>Article 4: All official employees or full-time employees of the Company and domestic and foreign subsidiaries who have made special contributions to the Company and the said contributions have been submitted to the Chairman for approval before the Subscription Date (hereinafter referred to as “subsidiaries” means those which directly or indirectly hold more than 50% of the voting shares of the same invested company and have the control power) are entitled to subscribe the shares specified in Article 5 of this Procedure.</p>	In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.
<p>Article 5 The Company will taking into account such criteria as employee’s position grade, length of service and special contribution to the Company and such <u>factors as the total number of repurchased shares held by the Company on the Subscription Date and the upper limit of the number of shares subscribed by a single employee, the actual specific subscription eligibility and subscription quantity shall be resolved by the Board of Directors and processed in accordance with the following review procedures:</u> 1. <u>The managers of the Company, the managers of subsidiaries or employees who concurrently work as the managers of the Company or directors of the Company shall obtain the approval of the Remuneration Committee of the Company before the proposal is submitted to the Board of Directors for resolution.</u> 2. <u>Employees of the Company and its</u></p>	<p>Article 5 The Company will take into account such criteria as employee’s position grade, length of service and special contribution to the Company, in order to determine the number of transferable shares for employees and authorize the Chairman for implementation upon approval.</p>	Amended in accordance with Ref. No. Jin-Guan-Zheng-Fa-Zi-1110383426.

<p><u>subsidiaries other than those mentioned in Paragraph 1 shall obtain the approval of the Audit Committee of the Company before the proposal is submitted to the Board of Directors for resolution. The relevant matters such as the subscription date and the subscription payment period of each transfer operation shall be separately approved in accordance with Article 6 of the Guidelines.</u></p> <p><u>3. Employees who fail to pay for the subscription by the end of the payment period shall be deemed to have waived their rights, and the balance of the undersubscription may be combined with the current subscription or subsequent subscription by the Board of Directors within the transfer period of Article 3 for other employees to subscribers, whose identities shall be reported to the Audit Committee or the Remuneration Committee for review before submission to the Board of Directors for resolution.</u></p>		
<p>Article 6: The transfer procedure: 1. According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period. <u>2. Board of Directors</u> establishes and announces the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc. under this procedure. 3. Calculate the actual share amounts with payments and transfer the shares accordingly.</p>	<p>Article 6: The transfer procedure: 1. According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period. 2. The Chairman is authorized under this procedure to establish and announce the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc. 3. Calculate the actual share amounts with payments and transfer the shares accordingly.</p>	<p>In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.</p>



## USUN Technology Co. LTD.

### Guidelines on the Transferring of the 2<sup>nd</sup> Share Buy-Back Program for FY2020 Comparison of Provisions Before and After Amendment

Amended Provisions	Current Provisions	Remark
<p>Article 1: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of <u>Securities and Futures Bureau, Financial Supervisory Commission</u> on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 3rd Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.</p>	<p>Article 1: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 3rd Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.</p>	<p>In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.</p>
<p>Article 4: All official employees or full-time employees of the Company and domestic and foreign subsidiaries who have made special contributions to the Company and the said contributions have been submitted to the <u>Board of Directors</u> for approval before the Subscription Date (hereinafter referred to as “subsidiaries” means those which directly or indirectly hold more than 50% of the voting shares of the same invested company and have the control power) are entitled to subscribe the shares specified in Article 5 of this Procedure.</p>	<p>Article 4: All official employees or full-time employees of the Company and domestic and foreign subsidiaries who have made special contributions to the Company and the said contributions have been submitted to the Chairman for approval before the Subscription Date (hereinafter referred to as “subsidiaries” means those which directly or indirectly hold more than 50% of the voting shares of the same invested company and have the control power) are entitled to subscribe the shares specified in Article 5 of this Procedure.</p>	<p>In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.</p>
<p>Article 5 The Company will taking into account such criteria as employee’s position grade, length of service and special contribution to the Company and such <u>factors as the total number of repurchased shares held by the Company on the Subscription Date and the upper limit of the number of shares subscribed by a single employee, the actual specific subscription eligibility and subscription quantity shall be resolved by the Board of Directors and processed in accordance with the following review procedures:</u> <u>1. The managers of the Company, the managers of subsidiaries or employees who concurrently work as the managers of the Company or directors of the Company shall obtain the approval of the Remuneration Committee of the Company before the proposal is submitted to the Board of Directors for resolution.</u> <u>2. Employees of the Company and its subsidiaries other than those mentioned in Paragraph 1 shall obtain the approval of the</u></p>	<p>Article 5 The Company will take into account such criteria as employee’s position grade, length of service and special contribution to the Company, in order to determine the number of transferable shares for employees and authorize the Chairman for implementation upon approval.</p>	<p>Amended in accordance with Ref. No. Jin-Guan-Zheng-Fa-Zi-1110383426.</p>

<p><u>Audit Committee of the Company before the proposal is submitted to the Board of Directors for resolution. The relevant matters such as the subscription date and the subscription payment period of each transfer operation shall be separately approved in accordance with Article 6 of the Guidelines.</u></p> <p><u>3. Employees who fail to pay for the subscription by the end of the payment period shall be deemed to have waived their rights, and the balance of the undersubscription may be combined with the current subscription or subsequent subscription by the Board of Directors within the transfer period of Article 3 for other employees to subscribers, whose identities shall be reported to the Audit Committee or the Remuneration Committee for review before submission to the Board of Directors for resolution.</u></p>		
<p>Article 6: The transfer procedure:</p> <p>1. According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period.</p> <p>2. <u>Board of Directors</u> establishes and announces the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc. under this procedure.</p> <p>3. Calculate the actual share amounts with payments and transfer the shares accordingly.</p>	<p>Article 6: The transfer procedure:</p> <p>1. According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period.</p> <p>2. The Chairman is authorized under this procedure to establish and announce the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc.</p> <p>3. Calculate the actual share amounts with payments and transfer the shares accordingly.</p>	<p>In accordance with Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.</p>

## USUN Technology Co. LTD.

## Guidelines on the Transferring of the Share Buy-Back Program

Established on November 9, 2022

- Article 1: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 3rd Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.
- Article 2: The shares to be transferred are the common shares which the Company’s Board of Directors resolved to buy back. These shares have the same right and obligation as other outstanding shares except defined and ruled by related laws and this procedure
- Article 3: The Chairman is authorized to repurchase these shares and transfer them to employees in one or multiple batches within 5 years from the repurchasing day.
- Article 4: All official employees or full-time employees of the Company and domestic and foreign subsidiaries who have made special contributions to the Company and the said contributions have been submitted to the Chairman for approval before the Subscription Date (hereinafter referred to as “subsidiaries” means those which directly or indirectly hold more than 50% of the voting shares of the same invested company and have the control power) are entitled to subscribe the shares specified in Article 5 of this Procedure.
- Article 5: The Company will taking into account such criteria as employee’s position grade, length of service and special contribution to the Company and such factors as the total number of repurchased shares held by the Company on the Subscription Date and the upper limit of the number of shares subscribed by a single employee, the actual specific subscription eligibility and subscription quantity shall be resolved by the Board of Directors and processed in accordance with the following review procedures:
1. The managers of the Company, the managers of subsidiaries or employees who concurrently work as the managers of the Company or directors of the Company shall obtain the approval of the Remuneration Committee of the Company before the proposal is submitted to the Board of Directors for resolution.
  2. Employees of the Company and its subsidiaries other than those mentioned in Paragraph 1 shall obtain the approval of the Audit Committee of the Company before the proposal is submitted to the Board of Directors for resolution. The relevant matters such as the subscription date and the subscription payment period of each transfer operation shall be separately approved in accordance with Article 6 of the Guidelines.
  3. Employees who fail to pay for the subscription by the end of the payment period shall be deemed to have waived their rights, and the balance of the undersubscription may be combined with the current subscription or subsequent subscription by the Board of Directors within the transfer period of Article 3 for other employees to subscribers, whose identities shall be reported to the Audit Committee or the Remuneration Committee for review before submission to the Board of Directors for resolution.
- Article 6: The transfer procedure:
1. According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period.
  2. Board of Directors establishes and announces the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc. under this procedure.
  3. Calculate the actual share amounts with payments and transfer the shares accordingly.

Article 7: The transfer price to employees for the shares comes from the average actual repurchase price. However, prior to the transfer, in the event of an increase in the number of outstanding common shares issued by the Company, the transfer price may be adjusted according to the increase pro-rata.

Article 8: After the repurchased shares are being transferred and registered under employees' names, unless otherwise specified, the rights and obligations of the shares are the same as the other common shares.

Article 9: This procedure should be reported and approved in the Shareholder's meeting.

Article 10: This shall apply to any amendments.

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

USUN Technology Co. Ltd.

### Opinion

We have audited the accompanying balance sheets of USUN Technology Co. Ltd. (the "Company") as of December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial reports, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial reports by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial reports section of our report. We are independent of the Companies in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, were of most significance in our audit of the financial reports for the year ended December 31, 2022. These said matters were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial reports for the year ended December 31, 2022 is described as follows:

#### Sales Revenue Recognition

The net sales revenue from the production of automation equipment in Year 2022 amounted to NTD 1,396,479,000, accounting for approximate 96% of net operating income in the financial reports and causes a significant impact on the financial reports. Meanwhile, the operating income carries an innate high risk. Hence, the Accountant lists the authenticity of the sales revenue of automation equipment as a key audit matter.

Please refer to revenue-related accounting policies in Note 4 (13) and Note 20 in respect of disclosure information.

The Accountant's main audit procedures on this key audit matter include:

- a. Understood and tested the effectiveness of the design and implementation of key internal controls related to the recognition of sales revenue;
- b. Acquired the details on sales revenue of the automation equipment for Year 2022 and conducted detailed confirmation tests by sampling, verified the transaction certificates and post-period collections so as to confirm the authenticity of the sales revenue recognition;
- c. Review, by sampling, the occurrence of sales return and discount after the period and whether any abnormality is seen in post-period collections.

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

Management is responsible for the preparation and fair presentation of the financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial reports that are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, management is also responsible for assessing the ability of the Company 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 Companies or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Financial Reports**

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

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

- 1 Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control.
- 3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5 Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- 6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the USUN Technology Co. Ltd. in order to express an opinion on the financial reports. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial reports of USUN Technology Co. Ltd. for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Deloitte Touche Tohmatsu Limited  
Independent Accountant  
Jo-Ying Tsai

Independent Accountant  
Zheng-Jun Chiu

Approval Number of Financial Supervisory  
Commission  
Letter No. Gin-Guan-Zheng Shen 1100356048

Approval Number of Financial Supervisory  
Commission  
Letter No. Gin-Guan-Zheng Shen 0930160267

March 23, 2023



## USUN TECHNOLOGY CO. LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In NTD Thousands)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS (Notes 4)</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 774,771	23	\$ 743,975	21
1136	Financial assets at amortized cost - current (Notes 4, 9 and 28)	17,632	-	50,650	2
1140	Contract assets (Notes 4 and 20)	88,164	3	-	-
1150	Notes receivable, net (Notes 4, 5 and 10)	-	-	100	-
1170	Accounts receivable, net (Notes 4, 5 and 10)	199,406	6	114,066	3
1200	Other receivables (Note 4)	3,998	-	12,088	-
1210	Other receivables – related parties (Notes 4 and 27)	2,536	-	6,127	-
1220	Current income tax assets (Notes 4 and 22)	715	-	147	-
1310	Inventories (Notes 4, 5 and 11)	397,423	12	532,299	15
1421	Prepaid expenses (Note 27)	18,226	-	106,025	3
1429	Other prepayments	8,245	-	20,065	1
11XX	Total current assets	<u>1,511,116</u>	<u>44</u>	<u>1,585,542</u>	<u>45</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at FVTPL - noncurrent (Notes 4 and 7)	30,099	1	35,913	1
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	109,164	3	131,797	4
1550	Investment using the equity method (Note 4 and 12)	1,113,716	33	1,125,874	32
1600	Property, plant and equipment (Notes 4, 14 and 30)	553,475	16	555,310	16
1755	Right-of-use assets (Notes 4 and 15)	6,065	-	10,834	-
1821	Other intangible assets (Note 4)	6,796	-	3,668	-
1840	Deferred income tax assets (Notes 4 and 22)	64,689	2	66,120	2
1920	Other prepayments	843	-	19,107	-
1990	Other intangible assets	9,225	1	4,147	-
15XX	Total noncurrent assets	<u>1,894,072</u>	<u>56</u>	<u>1,952,770</u>	<u>55</u>
1XXX	Total Asset	<u>\$ 3,405,188</u>	<u>100</u>	<u>\$ 3,538,312</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES (Note 4)</b>				
2100	Short-term borrowings (Notes 15 and 28)	\$ -	-	\$ 110,000	3
2130	Contract liabilities - current (Notes 4 and 20)	257,267	8	416,335	12
2170	Accounts payable	192,197	6	262,436	8
2180	Accounts payable – related parties (Note 27)	119,411	4	4,273	-
2200	Other payables (Note 16)	134,725	4	93,977	3
2220	Other payables – related parties (Note 27)	14,509	-	14,228	-
2250	Provisions - current (Notes 4 and 19)	3,010	-	5,503	-
2280	Lease liabilities - current (Notes 4 and 14)	4,271	-	5,589	-
2320	Current portion of long-term borrowings (Notes 15 and 28)	49,231	1	-	-
2399	Other current liabilities	5,591	-	6,513	-
21XX	Total current liabilities	<u>780,212</u>	<u>23</u>	<u>918,854</u>	<u>26</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term borrowings (Notes 15 and 28)	110,769	3	160,000	5
2550	Provisions - noncurrent (Notes 4 and 17)	35,790	1	19,425	1
2570	Deferred income tax liabilities (Notes 4 and 22)	76,241	2	71,732	2
2580	Lease liabilities - noncurrent (Notes 4 and 14)	465	-	4,002	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 18)	3,575	-	17,666	-
2650	Investment credit balance of accounted for using equity method (Note 4 and 12)	17,697	1	40,933	1
25XX	Total noncurrent liabilities	<u>244,537</u>	<u>7</u>	<u>313,758</u>	<u>9</u>
2XXX	Total liabilities	<u>1,024,749</u>	<u>30</u>	<u>1,232,612</u>	<u>35</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF USUN TECHNOLOGY (Note 18, 19, and 22)</b>				
	<b>Capital stock</b>				
3110	Common stock	628,730	18	634,730	18
	Capital surplus				
3210	Share issuance premium	1,384,141	41	1,397,476	39
3240	Disposal of asset betterment	2,322	-	2,322	-
3200	Total capital reserve	<u>1,386,463</u>	<u>41</u>	<u>1,399,798</u>	<u>39</u>
	Retained earnings				
3310	Legal reserve	264,447	8	264,447	7
3320	Special reserve	55,243	2	55,243	2
3350	Unappropriated earnings	187,178	5	75,285	2
3300	Total retained earnings	<u>506,868</u>	<u>15</u>	<u>394,975</u>	<u>11</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements.	( 88,458 )	( 3 )	( 100,957 )	( 3 )
3420	Unrealized Gains on financial assets at FVTOCI	31,529	1	54,162	2
3400	Total other equity	<u>( 56,929 )</u>	<u>( 2 )</u>	<u>( 46,795 )</u>	<u>( 1 )</u>
3500	Treasury stocks	( 84,693 )	( 2 )	( 77,008 )	( 2 )
3XXX	Total equity	<u>2,380,439</u>	<u>70</u>	<u>2,305,700</u>	<u>65</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 3,405,188</u>	<u>100</u>	<u>\$ 3,538,312</u>	<u>100</u>

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

Chairman: Chiu-Feng Huang

Manager: Chian-Cheng Chen  
Hsiang Yeh

Financial Accounting Manager: Cheng-

USUN TECHNOLOGY CO. LTD.

**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In NTD Thousands,  
Except Earnings Per Share)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
4110	TOTAL OPERATING REVENUE (Note 4, 20 and 27)	\$ 1,452,494	100	\$ 843,186	101
4190	Sales discount	( 1,728)	-	( 10,867)	( 1)
4100	Operating revenue	1,450,766	100	832,319	100
5110	Operating costs (Note 4, 11, 18, 21 and 27)	<u>1,056,669</u>	<u>73</u>	<u>484,325</u>	<u>58</u>
5900	Gross profit	<u>394,097</u>	<u>27</u>	<u>347,994</u>	<u>42</u>
	OPERATING EXPENSES (Note 4, 10, 18, 21 and 27)				
6100	Marketing	70,233	5	73,770	9
6200	General administration	121,814	8	109,266	13
6300	R&D Expenses	205,485	14	181,806	22
6450	Expected credit impairment loss	<u>14,135</u>	<u>1</u>	<u>29,292</u>	<u>4</u>
6000	Total operating expenses	<u>411,667</u>	<u>28</u>	<u>394,134</u>	<u>48</u>
6900	Net operating loss	( 17,570)	( 1)	( 46,140)	( 6)
	Nonoperating income and expenses				
7230	Currency exchange gain (Note 4)	115,085	8	5,639	1
7235	Loss of financial assets measured at FVTPL (Note 4)	( 5,814)	( 1)	( 5,779)	( 1)
7590	Miscellaneous expenses	( 46)	-	( 122)	-
7630	Currency exchange loss (Note 4)	( 15,083)	( 1)	( 22,494)	( 3)
7100	Interest income (Note 4)	8,367	-	2,796	-
7130	Dividend income (Note 4)	9,643	1	9,643	1

(Continued on next page)

(Cont.)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
7190	Other income (Note 21 and 27)	16,608	1	13,716	2
7050	Financial costs (Notes 4 and 21)	( 3,316)	-	( 1,274)	-
7070	Shares of (losses) gains of subsidiaries and associates accounted for under equity method (Notes 4 and 12)	( 2,420)	-	70,821	9
7000	TOTAL NON-OPERATING INCOME AND EXPENSES	123,024	8	72,946	9
7900	Income before income tax	105,454	7	26,806	3
7950	Income tax (Notes 4 and 22)	( 2,816)	-	( 10,255)	( 1)
8200	NET INCOME	102,638	7	16,551	2
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified to				
8311	Remeasurement of definite benefit plan (Note 4 and 18)	11,185	1	( 2,846)	-
8316	Unrealized profit (losses) on investments in equity instruments designated at fair value through other comprehensive income (Note 4 and 19)	( 22,633)	( 2)	28,699	3
8310		( 11,448)	( 1)	25,853	3
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial reports of foreign operations (Note 4 and 19)	15,623	1	( 4,510)	-

(Continued on next page)

(Cont.)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	( <u>3,124</u> )	<u>-</u>	<u>901</u>	<u>-</u>
8360		<u>12,499</u>	<u>1</u>	( <u>3,609</u> )	<u>-</u>
8300	Total other comprehensive loss, net of income	<u>1,051</u>	<u>-</u>	<u>22,244</u>	<u>3</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 103,689</u>	<u>7</u>	<u>\$ 38,795</u>	<u>5</u>
	EARNINGS PER SHARE (Note 25)				
9750	Basic	<u>\$ 1.68</u>		<u>\$ 0.27</u>	
9850	Diluted	<u>\$ 1.66</u>		<u>\$ 0.27</u>	

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

Chairman: Chiu-Feng Huang  
Cheng-Hsiang Yeh

Manager: Chian-Cheng Chen

Financial Accounting Manager:

USUN TECHNOLOGY CO. LTD.  
**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Code		Capital Surplus (Note 4 and 19)			Retained Earnings (Note 4, 18 and 19)			Other Equity Items (Note 4, 19 and 22)		Treasury Stock (Note 4 and 19)	Total Equity	
		Common Stock (Note 4 and 19)	Share Issuing Premium	Gain on Sale of Fixed Assets	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial reports of Operations			Unrealized gains (losses) on Financial Assets at FVTOCI
A1	BALANCE ON JANUARY 1, 2021	\$ 641,730	\$1,412,888	\$ 2,322	\$1,415,210	\$ 264,447	\$ 55,243	\$ 88,574	(\$ 97,348)	\$ 25,463	(\$ 126,414)	\$2,266,905
D1	Net profit for Year 2021	-	-	-	-	-	-	16,551	-	-	-	16,551
D3	Other comprehensive profit and loss after tax for Year 2021	-	-	-	-	-	-	(2,846)	(3,609)	28,699	-	22,244
D5	Total comprehensive profit and loss for Year 2021	-	-	-	-	-	-	13,705	(3,609)	28,699	-	38,795
L3	Treasury stock retired	(7,000)	(15,412)	-	(15,412)	-	-	(26,994)	-	-	49,406	-
Z1	BALANCE ON DECEMBER 31ST, 2021	634,730	1,397,476	2,322	1,399,798	264,447	55,243	75,285	(100,957)	54,162	(77,008)	2,305,700
D1	Net profit for Year 2022	-	-	-	-	-	-	102,638	-	-	-	102,638
D3	Other comprehensive profit and loss for Year 2022	-	-	-	-	-	-	11,185	12,499	(22,633)	-	1,051
D5	Total comprehensive profit and loss for Year 2022	-	-	-	-	-	-	113,823	12,499	(22,633)	-	103,689
L1	Treasury stock acquired	-	-	-	-	-	-	-	-	-	(28,950)	(28,950)
L3	Treasury stock retired	(6,000)	(13,335)	-	(13,335)	-	-	(1,930)	-	-	21,265	-
Z1	Balance on December 31, 2022	\$ 628,730	\$1,384,141	\$ 2,322	\$1,386,463	\$ 264,447	\$ 55,243	\$ 187,178	(\$ 88,458)	\$ 31,529	(\$ 84,693)	\$2,380,439

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

Chairman: Chiu-Feng Huang

Manager: Chian-Cheng Chen

Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Code		Year 2022	Year 2021
	Income before income tax		
A10000	Adjustments for:	\$ 105,454	\$ 26,806
A20010	Depreciation		
A20100	Amortization	23,829	22,451
A20200	Amortization of concessions	3,098	2,775
A20300	Expected credit losses	14,135	29,292
A20400	Net losses on fair value changes of financial assets at FVTPL	5,814	5,779
A20900	Financial costs	3,316	1,274
A21200	Interest income	( 8,367 )	( 2,796 )
A21300	Dividend income	( 9,643 )	( 9,643 )
A22300	Shares of losses (gains) of subsidiaries and associates accounted for under equity method	2,420	( 70,821 )
A23700	Loss for market price decline and obsolete and slow-moving inventories	( 8,757 )	( 16,689 )
A23900	Unrealized gains with subsidiaries and affiliates	2,125	110
A24100	Unrealized net gains on foreign exchange	( 23,103 )	( 3,792 )
A29900	Designated reserve for liabilities	20,334	5,791
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 89,005 )	-
A31130	Notes receivable	100	559
A31150	Accounts receivable	( 79,958 )	60,151
A31160	Accounts receivable - related parties	-	48,856
A31180	Accounts receivable - related parties	8,115	( 10,020 )
A31190	Other receivables - related parties	3,404	( 5,384 )
A31200	Inventories	143,633	( 152,194 )
A31220	Other prepayments	87,799	( 17,618 )
A31230	Other prepayments	11,820	( 10,882 )
A32125	Contract liabilities	( 159,068 )	126,021
A32150	Accounts payable	( 70,828 )	1,363
A32160	Accounts payable - related parties	120,341	1,685
A32180	Other payables	37,649	8,026
A32190	Other payables - related parties	281	( 520 )
A32200	Provisions	( 6,462 )	( 2,699 )

(Continued on next page)

(Cont.)

Code		Year 2022	Year 2021
A32230	Other current liabilities	( 922 )	( 2,731 )
A32240	Net defined benefit liabilities	( 2,906 )	( 3,052 )
A33000	Cash generated from operations	134,648	32,098
A33300	Interest paid	( 3,161 )	( 1,181 )
A33500	Income tax return (paid)	( 568 )	576
AAAA	Net cash generated from operating activities	<u>130,919</u>	<u>31,493</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B00050	Disposal of financial assets at amortized cost	33,018	4,045
B00100	Acquisition of financial assets at FVTPL	-	( 41,692 )
B01800	Acquisition of investments accounted for using the equity method	-	( 4,005 )
B02700	Purchase of property, plant and equipment	( 16,128 )	( 22,307 )
B03700	Increase in refundable deposits	-	( 18,272 )
B03800	Decrease in refundable deposits	18,264	-
B04500	Acquisition of intangible assets	( 6,226 )	( 464 )
B06700	Decrease (Increase) in other non-current assets	405	( 405 )
B07100	Increase in prepayments for equipment	( 5,483 )	( 303 )
B07500	Interest received	9,643	2,760
B07600	Dividends received	<u>8,342</u>	<u>9,643</u>
BBBB	Net cash generated from (to) investing activities	<u>41,835</u>	( <u>71,000</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00100	Increase in short-term borrowings	100,000	235,000
C00200	Decrease in short-term borrowings	( 210,000 )	( 125,000 )
C01600	Proceeds from long-term borrowings	-	210,000
C01700	Repayment of long-term borrowings	-	( 95,833 )
C04020	Repayment of the principal portion of lease liabilities	( 5,952 )	( 3,896 )
C04900	Treasury stock acquired	( 26,006 )	-
CCCC	Net cash used (gained) in financing activities	( <u>141,958</u> )	<u>220,271</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	30,796	180,764
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>743,975</u>	<u>563,211</u>
E00200	CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 774,771</u>	<u>\$ 743,975</u>

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

Chairman: Chiu-Feng Huang  
Cheng-Hsiang Yeh

Manager: Chian-Cheng Chen

Financial Accounting Manager:

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
USUN Technology Co. Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of USUN Technology Co. Ltd. and its subsidiaries (the "Consolidated Company") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of USUN Technology Co. Ltd. and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Consolidated Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters refer to those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These said matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter of the consolidated financial statements for the year ended December 31, 2022 is described as follows:

#### Sales Revenue Recognition

The net sales revenue from the production of automation equipment in Year 2022 amounted to NTD 1,653,347,000, accounting for approximate 95% of net operating income in the consolidated financial statements and causes a significant impact on the consolidated financial statements. Meanwhile, the operating income carries an innate high risk. Hence, the Accountant lists the authenticity of the sales revenue of automation equipment as a key audit matter.

Please refer to revenue-related accounting policies in Note 4 (14) and Note 22 in respect of disclosure information.

The Accountant's main audit procedures on this key audit matter include:

- a. Understood and tested the effectiveness of the design and implementation of key internal controls related to the recognition of sales revenue;
- b. Acquired the details on sales revenue of the automation equipment for Year 2022 and conducted detailed confirmation tests by sampling, verified the transaction certificates and post-period collections so as to confirm the authenticity of the sales revenue recognition;
- c. Review, by sampling, the occurrence of sales return and discount after the period and whether any abnormality is seen in post-period collections.

#### **Other Matter**

We have audited and expressed an unqualified opinion with another matter paragraph on the parent company only financial statements of USUN Technology Co. Ltd. as of and for the years ended December 31, 2022 and 2021.

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

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

In preparing the consolidated financial statements, management is also responsible for assessing the ability of the Consolidated Company 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 Consolidated 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 Consolidated Company's financial reporting process.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of USUN Technology Co. Ltd. and its subsidiaries for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Deloitte Touche Tohmatsu Limited  
Independent Accountant  
Jo-Ying Tsai

Independent Accountant  
Zheng-Jun Chiu

Approval Number of Financial Supervisory  
Commission  
Letter No. Gin-Guan-Zheng Shen 1100356048

Approval Number of Financial Supervisory  
Commission  
Letter No. Gin-Guan-Zheng Shen 0930160267

March 23, 2023

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In NTD Thousands)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS (Notes 4)</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,105,339	29	\$ 1,212,594	30
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	225,458	6	130,688	3
1140	Contract assets - current (Notes 4 and 22)	207,049	5	117,781	3
1150	Notes receivable, net (Notes 4, 5, 10 and 22)	83,703	2	31,183	1
1170	Accounts receivable, net (Notes 4, 5, 10 and 22)	289,765	8	237,575	6
1200	Accounts receivable, related parties (Notes 4)	9,859	-	34,827	1
1220	Current income tax assets (Notes 4 and 24)	1,135	-	147	-
1310	Inventories (Notes 4, 5 and 11)	787,510	21	1,004,697	25
1421	Prepaid expenses	26,125	1	35,993	1
1429	Other prepayments	19,304	-	29,861	1
1470	Other current assets	990	-	935	-
11XX	Total current assets	<u>2,756,237</u>	<u>72</u>	<u>2,836,281</u>	<u>71</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at FVTPL - noncurrent (Notes 4 and 7)	30,099	1	35,913	1
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	109,164	3	131,797	3
1535	Financial assets at amortized cost - noncurrent (Notes 4, 9 and 30)	24,095	1	23,714	1
1600	Property, plant and equipment (Notes 4, 14 and 30)	636,283	17	646,771	16
1755	Right-of-use assets (Notes 4 and 15)	50,298	1	58,414	2
1760	Investment properties, net (Notes 4, 16 and 30)	124,982	3	137,658	3
1821	Other intangible assets (Notes 4)	7,333	-	3,936	-
1840	Deferred income tax assets (Notes 4 and 24)	73,550	2	70,114	2
1920	Other prepayments	2,224	-	20,673	1
1990	Other intangible assets	9,561	-	4,505	-
15XX	Total noncurrent assets	<u>1,067,589</u>	<u>28</u>	<u>1,133,495</u>	<u>29</u>
1XXX	Total Asset	<u>\$ 3,823,826</u>	<u>100</u>	<u>\$ 3,969,776</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES (Note 4)</b>				
2100	Short-term borrowings (Notes 17)	\$ -	-	\$ 110,000	3
2130	Contract liabilities - current (Notes 22)	484,028	13	550,075	14
2170	Accounts payable	369,533	10	446,011	11
2219	Other payables (Note 18 and 32)	231,440	6	199,340	5
2230	Current tax liabilities (Note 4, 24 and 32)	11,384	-	10,739	-
2250	Provisions - current (Notes 4 and 19)	13,300	1	18,818	1
2280	Lease liabilities - current (Notes 4 and 15)	7,217	-	8,386	-
2320	Current portion of long-term borrowings (Notes 17 and 30)	49,231	1	-	-
2399	Other current liabilities	6,634	-	7,754	-
21XX	Total current liabilities	<u>1,172,767</u>	<u>31</u>	<u>1,351,123</u>	<u>34</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term borrowings (Notes 17 and 30)	110,769	3	160,000	4
2550	Provisions - noncurrent (Notes 4 and 19)	70,807	2	47,220	1
2570	Deferred income tax liabilities (Notes 4 and 24)	76,241	2	71,732	2
2580	Lease liabilities - noncurrent (Notes 4 and 15)	1,981	-	8,400	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 20)	3,575	-	17,666	1
2645	Guarantee deposits received - noncurrent	3,969	-	3,913	-
25XX	Total noncurrent liabilities	<u>267,342</u>	<u>7</u>	<u>308,931</u>	<u>8</u>
2XXX	Total liabilities	<u>1,440,109</u>	<u>38</u>	<u>1,660,054</u>	<u>42</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF USUN TECHNOLOGY (Note 4, 20, 21 and 24)</b>				
	Capital stock				
3110	Common stock	628,730	16	634,730	16
	Capital surplus				
3210	Share issuance premium	1,384,141	36	1,397,476	35
3240	Disposal of asset betterment	2,322	-	2,322	-
3200	Total capital reserve	<u>1,386,463</u>	<u>36</u>	<u>1,399,798</u>	<u>35</u>
	Retained earnings				
3310	Legal reserve	264,447	7	264,447	7
3320	Special reserve	55,243	1	55,243	1
3350	Unappropriated earnings	187,178	5	75,285	2
3300	Total retained earnings	<u>506,868</u>	<u>13</u>	<u>394,975</u>	<u>10</u>
3400	Other equity	(56,929)	(1)	(46,795)	(1)
3500	Treasury stocks	(84,693)	(2)	(77,008)	(2)
31XX	Total equity attributable to owners of USUN Technology	2,380,439	62	2,305,700	58
36XX	Noncontrolling interests	3,278	-	4,022	-
3XXX	Total equity	<u>2,383,717</u>	<u>62</u>	<u>2,309,722</u>	<u>58</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 3,823,826</u>	<u>100</u>	<u>\$ 3,969,776</u>	<u>100</u>

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

Chairman: Chiu-Feng Huang

Manager: Chian-Cheng Chen  
Hsiang Yeh

Financial Accounting Manager: Cheng-

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In NTD Thousands,  
Except Earnings Per Share)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
4110	TOTAL OPERATING REVENUE (Note 4 and 22)	\$ 1,761,666	101	\$ 1,512,151	103
4190	Sales discount	( 20,857 )	( 1 )	( 45,670 )	( 3 )
4100	Operating revenue	1,740,809	100	1,466,481	100
5110	Operating costs (Note 4, 11, 20 and 23)	1,294,787	74	964,032	66
5900	Gross profit	446,022	26	502,449	34
	OPERATING EXPENSES (Note 4, 10, 20, 22 and 33)				
6100	Marketing	82,074	5	89,091	6
6200	General administration	160,552	9	170,792	12
6300	R&D Expenses	243,076	14	219,618	15
6450	Expected credit impairment loss (Gain on reversal)	25,787	2	( 6,083 )	( 1 )
6000	Total operating expenses	511,489	30	473,418	32
6900	Net operating (loss) profit	( 65,467 )	( 4 )	29,031	2
	Nonoperating income and expenses				
7100	Interest income (Note 4)	15,695	1	11,838	1
7130	Dividend income (Note 4)	9,643	-	9,643	1
7190	Other income (Note 23)	62,653	4	52,851	4
7610	(Losses) Gains on disposal of property, plant and equipment and intangible assets (Note 4)	50	-	( 4 )	-
7230	Currency exchange gain (Note 4)	135,385	8	5,644	-
7235	Loss of financial assets measured at FVTPL (Note 4)	( 5,814 )	-	( 5,779 )	-

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(Cont.)

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
7630	Currency exchange loss (Note 4)	( 15,066 )	( 1 )	( 22,014 )	( 2 )
7050	Financial costs (Notes 4 and 23)	( 3,553 )	-	( 1,319 )	-
7070	Shares of losses of associates accounted for under equity method (Notes 4 and 13)	-	-	( 455 )	-
7590	Miscellaneous expenses (Note 23)	( 28,286 )	( 2 )	( 41,217 )	( 3 )
7000	TOTAL NON-OPERATING INCOME AND EXPENSES	<u>170,707</u>	<u>10</u>	<u>9,188</u>	<u>1</u>
7900	Income before income tax	105,240	6	38,219	3
7950	Income tax (Notes 4 and 24)	( 3,346 )	-	( 22,431 )	( 2 )
8200	NET INCOME	<u>101,894</u>	<u>6</u>	<u>15,788</u>	<u>1</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of definite benefit plan (Note 4 and 20)	11,185	-	( 2,846 )	-
8316	Unrealized profit (losses) on investments in equity instruments designated at fair value through other comprehensive income (Note 4)	( 22,633 )	( 1 )	<u>28,699</u>	<u>2</u>
8310		( 11,448 )	( 1 )	<u>25,853</u>	<u>2</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations (Note 4 and 21)	15,623	1	( 4,510 )	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	( 3,124 )	-	<u>901</u>	-
8360		<u>12,499</u>	<u>1</u>	( 3,609 )	-
8300	Total other comprehensive loss, net of income	<u>1,051</u>	-	<u>22,244</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 102,945</u>	<u>6</u>	<u>\$ 38,032</u>	<u>3</u>

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Code	Year 2022		Year 2021		
	Amount	%	Amount	%	
NET INCOME					
ATTRIBUTABLE TO:					
8610	Owners of USUN Company	\$ 102,638	6	\$ 16,551	1
8620	Noncontrolling interests	( 744 )	-	( 763 )	-
8600		<u>\$ 101,894</u>	<u>6</u>	<u>\$ 15,788</u>	<u>1</u>
TOTAL COMPREHENSIVE					
INCOME ATTRIBUTABLE TO:					
8710	Owners of USUN Company	\$ 103,689	6	\$ 38,795	3
8720	Noncontrolling interests	( 744 )	-	( 763 )	-
8700		<u>\$ 102,945</u>	<u>6</u>	<u>\$ 38,032</u>	<u>3</u>
EARNINGS PER SHARE (Note					
25)					
9750	Basic	<u>\$ 1.68</u>		<u>\$ 0.27</u>	
9850	Diluted	<u>\$ 1.66</u>		<u>\$ 0.27</u>	

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

Chairman: Chiu-Feng Huang  
Cheng-Hsiang Yeh

Manager: Chian-Cheng Chen

Financial Accounting Manager:

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Equity Attributable to Owners of USUN TECHNOLOGY(Note 4, 20, 21 and 24)														
Code		Capital Surplus			Retained Earnings			Other Equity				Noncontrolling Interests	Total Equity	
		Capital Stock	Share Issuing Premium	Gain on Sale of Fixed Assets	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Operations	Unrealized Losses on Financial Assets at Fair Value	Treasury Stock			Total
A1	BALANCE ON JANUARY 1, 2021	\$ 641,730	\$ 1,412,888	\$ 2,322	\$ 1,415,210	\$ 264,447	\$ 55,243	\$ 88,574	(\$ 97,348)	\$ 25,463	(\$ 126,414)	\$ 2,266,905	\$ 4,785	\$ 2,271,690
D1	Net profit for Year 2021	-	-	-	-	-	-	16,551	-	-	-	16,551	( 763 )	15,788
D3	Other comprehensive profit and loss for Year 2021	-	-	-	-	-	-	( 2,846 )	( 3,609 )	28,699	-	22,244	-	22,244
D5	Total comprehensive profit and loss for Year 2021	-	-	-	-	-	-	13,705	( 3,609 )	28,699	-	38,795	( 763 )	38,032
L3	Treasury stock retired	( 7,000 )	( 15,412 )	-	( 15,412 )	-	-	( 26,994 )	-	-	49,406	-	-	-
Z1	BALANCE ON DECEMBER 31ST, 2021	634,730	1,397,476	2,322	1,399,798	264,447	55,243	75,285	( 100,957 )	54,162	( 77,008 )	2,305,700	4,022	2,309,722
D1	Net profit for Year 2022	-	-	-	-	-	-	102,638	-	-	-	102,638	( 744 )	101,894
D3	Other comprehensive profit and loss for Year 2022	-	-	-	-	-	-	11,185	12,499	( 22,633 )	-	1,051	-	1,051
D5	Total comprehensive profit and loss for Year 2022	-	-	-	-	-	-	113,823	12,499	( 22,633 )	-	103,689	( 744 )	102,945
L1	Treasury stock acquired	-	-	-	-	-	-	-	-	-	( 28,950 )	( 28,950 )	-	( 28,950 )
L3	Treasury stock retired	( 6,000 )	( 13,335 )	-	( 13,335 )	-	-	( 1,930 )	-	-	21,265	-	-	-
Z1	Balance on December 31, 2022	\$ 628,730	\$ 1,384,141	\$ 2,322	\$ 1,386,463	\$ 264,447	\$ 55,243	\$ 187,178	(\$ 88,458)	\$ 31,529	(\$ 84,693)	\$ 2,380,439	\$ 3,278	\$ 2,383,717

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

Chairman: Chiu-Feng Huang

Manager: Chian-Cheng Chen

Financial Accounting Manager: Cheng-Hsiang Yeh



USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Code		Year 2022	Year 2021
	Income before income tax		
A10000	Adjustments for:	\$ 105,240	\$ 38,219
A20010	Depreciation		
A20100	Amortization	61,341	53,494
A20200	Amortization of concessions	3,339	3,140
A20300	Expected credit losses (Gain on reversal)	25,787	( 6,083 )
A20400	Net losses on fair value changes of financial assets and liabilities at FVTPL	5,814	5,779
A20900	Financial costs	3,553	1,319
A21200	Interest income	( 15,695 )	( 11,838 )
A21300	Dividend income	( 9,643 )	( 9,643 )
A22300	Shares of losses of associates accounted for under equity method	-	455
A22500	Losses (gains) on disposal of property, plant and equipment	( 50 )	4
A23700	Loss for market price decline and obsolete and slow-moving inventories losses (Gain on reversal)	7,348	( 30,349 )
A24100	Unrealized net gains on foreign exchange	( 18,087 )	( 3,618 )
A29900	Designated reserve for liabilities	23,420	15,069
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 99,659 )	( 71,954 )
A31130	Notes receivable	( 52,520 )	4,844
A31150	Accounts receivable	( 53,456 )	318,212
A31180	Accounts receivable - related parties	23,484	( 21,519 )
A31200	Inventories	209,839	( 470,550 )
A31230	Prepaid expenses	9,868	( 16,942 )
A31220	Other prepayments	8,804	( 10,041 )
A31240	Other current assets	( 55 )	70
A32125	Contract liabilities	( 66,047 )	60,759
A32150	Accounts payable	( 77,067 )	( 15,697 )
A32180	Other payables	29,335	55,434
A32200	Provisions	( 5,919 )	( 15,978 )
A32230	Other current liabilities	( 1,120 )	( 2,347 )
A32240	Net defined benefit liabilities	( 2,906 )	( 3,052 )
A33000	Cash generated from operations	114,948	( 132,813 )
A33300	Interest paid	( 3,732 )	( 1,335 )
A33500	Income taxes paid	( 5,861 )	( 16,480 )

(Continued on next page)

(Cont.)

Code		Year 2022	Year 2021
AAAA	Net cash generated to (from) operating activities	<u>105,355</u>	<u>( 150,628 )</u>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00040	Acquisition of financial assets at amortized cost	( 95,151 )	-
B00050	Disposal of financial assets at amortized cost	-	120,332
B00100	Acquisition of financial assets at FVTPL	-	( 41,692 )
B01800	Acquisition of investments accounted for using the equity method	-	( 4,005 )
B02700	Purchase of property, plant and equipment	( 17,024 )	( 25,023 )
B02800	Proceeds from the disposal of property, plant and equipment	50	-
B03700	Increase in refundable deposits	-	( 18,928 )
B03800	Decrease in refundable deposits	18,449	-
B04500	Acquisition of intangible assets	( 6,705 )	( 464 )
B05400	Acquisition of investment real estate	( 6,058 )	-
B06700	Decrease (Increase) in other non-current assets	405	( 405 )
B07200	Increase in prepayments for equipment	( 5,484 )	( 211 )
B07500	Interest received	17,179	9,688
B07600	Dividends received	<u>9,643</u>	<u>9,643</u>
BBBB	Net cash generated from investing activities	<u>( 84,696 )</u>	<u>48,935</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase in short-term borrowings	100,000	235,000
C00200	Decrease in short-term borrowings	( 210,000 )	( 125,000 )
C01600	Proceeds from long-term borrowings	-	210,000
C01700	Repayment of long-term borrowings	-	( 95,833 )
C04020	Repayment of the principal portion of lease liabilities	( 8,804 )	( 5,363 )
C04900	Treasury stock acquired	<u>( 26,006 )</u>	<u>-</u>
CCCC	Net cash used (gained) in financing activities	<u>( 144,810 )</u>	<u>218,804</u>
DDDD	Effect of foreign exchange rate changes on cash and cash	<u>16,896</u>	<u>( 5,011 )</u>
EEEE	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 107,255 )</b>	<b>112,100</b>
E00100	<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>1,212,594</u>	<u>1,100,494</u>
E00200	<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 1,105,339</u>	<u>\$ 1,212,594</u>

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

Chairman: Chiu-Feng Huang  
Cheng-Hsiang Yeh

Manager: Chian-Cheng Chen

Financial Accounting Manager:

## **Appendices**

### **Articles of Association**

#### **Chapter 1 General Provisions**

- Article 1: In accordance with the Company Act, the Company is registered as USUN Technology Co., LTD.
- Article 2: The business scope of the Company is stated as follows:
1. E604010 Machinery Installation Construction.
  2. CB01010 Machinery and Equipment Manufacturing
  3. CB01990 Other Machinery Manufacturing.
  4. CB01030 Pollution Controlling Equipment Manufacturing.
  5. E603020 Elevator Installation Engineering
  6. F401010 International Trade
  7. CC01010 Manufacturing of Power Generation, Transmission and Distribution Machinery
  8. F113010 Wholesale of Machinery
  9. F113020 Wholesale of Household Appliance.
  10. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
  11. CC01050 Data Storage Media Units Manufacturing.
  12. CC01080 Electronics Components Manufacturing
  13. CC01060 Wired Communication Equipment and Apparatus Manufacturing
  14. CC01070 Telecommunication Equipment and Apparatus Manufacturing
  15. F113050 Wholesale of Computers and Clerical Machinery Equipment
  16. F113070 Wholesale of Telecommunication Apparatus
  17. F119010 Wholesale of Electronic Materials.
  18. F219010 Retail Sale of Electronic Materials
  19. I501010 Product Designing
  20. I301010 Software Design Services
  21. F118010 Wholesale of Computer Software
  22. I301030 Electronic Information Supply Services
  23. J101060 Wastewater (Sewage) Treatment
  24. E301010 Water Treatment Construction Water Treatment Construction
  25. E303010 Air Pollution Restricting Engineering
  26. E303020 Noise and Vibration Restricting Engineering
  27. E303030 Soil Pollution Restricting Engineering
  28. ZZ9999 All business items that are not prohibited or restricted by law, exc ept those that are subject to special approval.
- Article 3: Headquarter of the Company is located at Taoyuan City and when necessary could set up a subsidiary company inside or outside of the country, with the approval by the Board.
- Article 4: The total amount of investment by the Company shall not exceed 40 percent of the paid-up capital. The Company may provide external endorsement and guarantee for business purposes.

## **Chapter 2 Shares**

- Article 5: The Company's total capital is set at NTD 1.2 billion, divided into 120 million shares, each with NTD 10 as its par value. These shares may be issued in tranches. Of the Company's capital, NTD 1000 million is divided into 10 million shares, which are reserved for the issuance of Employee stock options warrants. The unissued shares may be issued by Board of Directors in tranches when necessary.
- Article 6: If the Company intends to repurchase the Company's shares and transfer the shares at a price lower than the average repurchased price or issue stock warrants for employees at a subscription price lower than the market price, This proposal shall acquire approval of over two-thirds of voting shares from attending shareholders, who should account for a majority of the total number of issued shares.
- Article 6-1: The employees who subscribe the Company's newly issued shares and the subjects of the new restricted employee shares issued by the Company, including the employees of controlling or subordinate companies who meet certain conditions. The said certain conditions are determined by the Board of Directors.
- Article 7: The Company's shares are registered stocks and should be signed or sealed by the directors who represent the Company. The shares shall be signed according to the laws before issuance. New shares issued by the Company may be exempted from printing share certificates, but the issued shares shall be registered with a centralized securities depository institution.
- Article 8: The name change and transfer of shares shall be conducted no later than 60 days prior to the ordinary meeting of shareholders, no later than 30 days prior to the provisional meeting of shareholders, or no later than 5 days prior to the basis date of the Company's resolution to distribute dividends and bonuses or other benefits.

## **Chapter 3: Shareholder's Meeting**

- Article 9: Shareholder's meetings include general shareholders' meetings and extraordinary shareholders' meetings. General shareholders' meetings are held once a year and they are to be convened by the Board of Directors within 6 months after the fiscal year. An extraordinary shareholders' meeting can be convened lawfully at any time when it is necessary. The shareholders' meetings can be held by means of a video conference or any other form announced by the central authorities. The conditions, operating procedures and other conformable matters of a video conference shall observe the rules, if available, of the competent authorities.
- Article 9-1: When the company convenes a shareholders' meeting, it may vote exercise its voting rights in writing or electronically.
- Article 9-2: The Company is a public offering company. If it is necessary to revoke the public offering in the future, it shall submit a resolution in the shareholders' meeting, and the Company will not change this provision when it is OTC listed and TSW listed.
- Article 10: For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. The method of entrusting the shareholders to attend shall be handled in accordance with the provisions of the "Provisional Regulations on the Use of Public Companies to Attend Shareholders' Meetings" issued by the competent authority, besides to the provisions of Company Act.
- Article 11: Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.
- Article 12: Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.

## **Chapter 4: Directors**

- Article 13: Company shall have five to nine (5~9) Directors. The number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directors. The election of the Directors (including independent directors) shall adopt the candidate nomination system provided in the Article 192 1 of the Company Act. The shareholders shall elect the Directors from the list of candidates announced by the Company. The directors shall serve a term for three years and are eligible

for re-election.

The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters for compliance with respect to Independent Directors shall be subject to the Securities and Exchange Act and other relevant regulations.

In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company sets up an audit committee and the audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company sets up an audit committee and the audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The exercise of the authority of the Audit Committee and its members and related matters shall be managed in accordance with the Securities and Exchange Act and related laws and regulations.

Article 13-1: Unless otherwise provided for by Company Act, a resolution of the Board of Directors requires the consent of a majority of the votes with over 50% of directors attending the meeting.

Article 14: The Board of Directors are comprised of directors. The Chairman of the Board of Directors shall be elected among the directors by a majority of attending directors at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters.

The authority of the Board of Directors are as follows:

1. Formulation and supervision of business policies and plans.
2. Approval of the Company's reinvestment in other undertakings or resale of its shares.
3. Preparation of capital increases and decreases.
4. Preparation of surplus distribution.
5. Responsibilities assigned by other laws, Articles of Association, and shareholders.

Article 15: If the Chairman of the board is on leave or cannot perform his duties for some reason, the chairman shall designate a director to act on his behalf in accordance with Article 208 of Company Act. If a director is unavailable to attend a meeting in person, the director may authorize another director to attend the meeting on the director's behalf, provided that the deputy director shall present a power of attorney and one director can be appointed by only one person.

Article 15-1: The Board Meetings shall be convened with express reasons and the meeting notice shall be dispatched to each of the Directors seven (7) in advance. Nevertheless, in case of emergency, the said meeting may be convened anytime. The notice may be conducted in the form of writing or by way of e-mail or fax.

## **Chapter 5: Managers**

Article 16: Deleted.

Article 17: The Company may appoint one General Manager and several Vice General Managers and Manager. The commissioning, decommissioning and remuneration shall be pursuant to Article 29 of the Company Act. The managers of the Company have the right to manage the affairs and sign for the Company within the scope of authorization, and the relevant authorization measures shall be determined by the Board of Directors.

## **Chapter 6: Accounting**

Article 18: After the close of each fiscal year, Business Report, Financial Statements and Proposal Concerning Appropriation of Net Profits or Recovering of Losses shall be prepared by the Board of Directors and submitted to the regular shareholders' meeting for ratification.

Article 19: Deleted.

Article 20: If the If the company makes a profit in the year, it should extract no less than 5% for the employee's remuneration and be resolute by the board of directors whether to distribute it by stock or cash. The object must be employees who meet certain conditions, and the conditions are authorized by the board of directors to resolute. The company can base on the profit amount and let the board of directors resolute the director's remuneration which is less than 3%. The employee's compensation and the directors' compensation shall be reported to the shareholders' meeting.

However, when the company still has accumulated losses, it should retain the amount of compensation in advance, and then provide employees' compensation and directors' compensation according to the proportion of the preceding paragraph.

When the directors of the Company perform their duties with the Company, regardless of the Company's operating profit or loss, the Company may pay remuneration. The Board of Directors is authorized to come to an agreement in accordance with their participatin in the corporate operation and the value of their contribution along with the industry standards.

Article 20-1: If the Company has earnings annually, (1) the payments to tax liability and (2) the compensation of the accumulated deficit should be done first. (3) Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, if the special reserve shall be reversed or reserved, according to the law or operating requirements, for (4) shareholder's bonus, after provisions of Item (1) to (3), the remaining amount plus accumulated undistributed retained earnings can be combined to distribute this earning through issuing new shares after the Board of the Director develops the proposal and submits it in the shareholder's meeting.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve, or capital reserve in cash, the proposal shall be authorized by the Board of Directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting, and then submit the proposal to the shareholders meeting for resolution.

Pursuant to Article 41-1 of the Securities and Exchange Act, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as foreign currency translation reserve, unrealized valuation gain/loss on available-for-sale financial assets, gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc.

The Company is in the growth phase, and the dividend distribution policy depends on the Company's future investment environment, capital budget, balanced dividend, long-term financial planning and shareholders' rights. Annual dividends shall be paid with priority in cash dividends, and stock dividends may also be distributed, provided that the proportion of stock dividends is not more than 50% of the total dividends.

#### Chapter 7: Miscellaneous

Article 21: Any matters not sufficiently provided for in these Articles of Incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 22: These Articles of Association enacted on March 12, 1981.

The first amendment was made on March 25, 1981.

The second amendment was made on May 22, 1986..

The third amendment was made on April 12, 1992.

The fourth amendment was made on March 14, 1995.

The fifth amendment was made on April 25, 1996.

The sixth amendment was made on May 30, 2000.

The seventh amendment was made on June 30, 2001.

The eighth amendment was made on August 31, 2001.

The ninth amendment was made on September 10, 2001.

The tenth amendment was made on May 2, 2003.

The eleventh amendment was made on November 28, 2003.  
The twelfth amendment was made on April 15, 2004.  
The thirteenth amendment was made on July 25, 2005.  
The fourteenth amendment was made on June 27, 2006.  
The fifteenth amendment was made on October 24, 2006.  
The sixteenth amendment was made on June 19, 2008.  
The seventeenth amendment was made on June 10, 2009.  
The eighteenth amendment was made on June 25, 2010.  
The nineteenth amendment was made on June 27, 2012.  
The twentieth amendment was made on June 17, 2015.  
The twenty-first amendment was made on June 20, 2016.  
The twenty-first amendment was made on June 16, 2017.  
The twenty-second amendment was made on June 14, 2019.  
The twenty-third amendment was made on June 22, 2022.

## USUN Technology Co. LTD. Rules of Procedure of the Shareholders' Meeting

- Article 1: Except as otherwise provided by law, the Company's shareholder's meetings should be conducted in accordance with these rules.
- Article 2: This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, the place to register for attendance, and other matters for attention.  
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.  
Shareholders or representatives appointed by shareholders (hereinafter referred to as "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.  
This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in  
This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.  
When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 3: Attendance at shareholders meetings shall be calculated based on numbers of shares.
- Article 4: The venue for a shareholders meeting shall be the premises of this Corporation, 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.
- Article 5: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.  
When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.  
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.  
If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair can be elected upon agreement of a majority of the votes represented by the attending shareholders to have the meeting proceed.
- Article 6: This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting.
- Article 7: This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.  
The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 8: The chair shall call the meeting to order at the appointed meeting time. 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, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act;  
When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to



Article 174 of the Company Act.

- Article 9: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.  
The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.  
The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.  
After the meeting is adjourned, shareholders shall not elect another chairman to resume the meeting at the original location or at another place.
- Article 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.
- Article 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 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- Article 12: The proposal raised by provisional motion must be in writing. For discussion of the proposals, if necessary, the chairman may deliver the proposal to the Board for resolution and then discuss it at the next shareholders' meeting.
- Article 13: When a juristic person is appointed to attend as proxy, it may 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
- Article 14: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 15: When the chairman at a shareholders' meeting is of the opinion that a matter has been sufficiently discussed to a degree of that it can be decided by voting, the chairman may announce the discussion closed and bring the matter to vote; In addition, if attending shareholders express no objection after the chairman's inquire, such proposal may be considered available for voting.
- Article 16: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.  
Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.  
The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of according votes.
- Article 17: When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 18: Except as otherwise provided in the Company Act and in this Corporation'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.  
If a representative is appointed by the shareholder to attend the shareholder's meeting, the proxy right of a person serving as a proxy for two or more shareholders may not exceed 3% of total issued and outstanding shares voting rights; if it does exceed 3%, the excess portion shall not be counted.  
If there is a concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the meeting, such shareholder may not participate in voting and may not represent another shareholder to exercise his or her voting rights.
- Article 19: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote.  
When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 20: The chairman may order disciplinary officers or security guards to assist in keeping order in the meeting place. Such disciplinary officers or security guards shall wear arm badges or identification cards marked "Disciplinary Personnel" when assisting in maintaining order in the meeting place.
- Article 21: Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Act and related laws and regulations and the Articles of Association of the Company.

### The number of shares held by the directors

1. The paid-in capital of the Company is NTD 628,730,080, the total number of issued shares is 62,873,008 shares, and the statutory minimum number of shares to be held by all directors is 5,029,841 according to Article 26 of the Securities and Exchange Act.
2. As of the closing date of this General Shareholder's Meeting (April 22, 2023), the actual shareholding of all directors of the Company is as follows:

Job Title	Name	Date of election	The number of shares held in the shareholders' roaster on the closing date	Shareholding ratio (%)	Remark
Chairman	Chiu-Feng Huang	110.08.20	4,540,977	7.22	
Director	Hon Hai Precision Industry Co., Ltd..	110.08.20	5,180,000	8.24	Representative: Guohong Lai
Director	Jung-Chien Tseng	110.08.20	0	0	
Director	Shih-Hsuan Huang	110.08.20	530,875	0.84	
Independent Director	Chung-Shao Tsai	110.08.20	0	0	
Independent Director	Juan-Chi Weng	110.08.20	0	0	
Independent Director	Chung-Jen Chen	110.08.20	0	0	
Total of all directors			10,251,852	16.30	

Note: The Company has established an Audit Committee to replace the Supervisors in accordance with Article 14-4 of the Securities and Exchange Act.

- III. The minimum shareholding ratio of all directors has reached the statutory amount.

**Information on proposals from shareholders holding more than 1% of the total number of issued shares of the Company**

1. According to Article 172-1 of the Company Act, the Company accepts shareholder's proposals for FY2023 General Shareholder Meeting from April 14, 2023 to April 24, 2023.
2. During the aforementioned period, no shareholder holding more than 1% of the total issued shares of the Company submitted any proposal.