

Stock Code: 2426



TYNTEK Corporation

2023 Annual Report

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May 30, 2024

(English translation of consolidated financial statements originally issued in Chinese is unaudited and for information purpose only; The Chinese version shall prevail.)

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V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: WWW.TYNTEK.COM.TW

Table of Content

One. Report to Shareholders.....	1
Two. Company Profile	7
Three. Corporate Governance Report	11
I. Organization.....	11
(I) Organizational structure	11
(II) Background information of directors, independent directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices.....	14
(III) Compensation paid to non-independent directors, independent directors, the President, and vice presidents in the last year	23
(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's non-independent directors, independent directors, President, and vice presidents, and their respective proportions to standalone net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.....	27
II. Corporate governance.....	30
(I) Functionality of the board of directors and performance evaluation	30
(II) Key Tasks and Operation of the Audit Committee.....	32
(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.....	38
(IV) Composition, responsibilities, and functionality of the Remuneration Committee.....	53
(V) Promotion of sustainable development, and variance from the Sustainable Development Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance.....	56
(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies	90
(VII) Availability of corporate governance principles and related policies	98
(VIII) Other information material to the understanding of corporate governance within the Company.....	99
(IX) Internal control.....	103
1、Declaration of Internal Control System	103
2、CPA's review on internal control system	105
(X) Penalties imposed against the Company for regulatory violation, or penalties against insiders for violation of internal control system in the most recent year up until the publication date of annual report; describe areas of weakness and any corrective actions taken	105
(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up until the publication date of this annual report.....	105
(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of annual report	108
(XIII) Resignation of personnel related to the preparation of financial statements in the most recent year, up until the publication date of annual report	108
III. Disclosure of CPA remuneration	108
(I) Non-audit fees to financial statement auditors, accounting firms, and related businesses that amount to one-quarter or higher of audit fees	108
(II) Change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fee before and after the change and the amount, percentage, and cause of such change	108

(III) Any reduction in audit remuneration by more than 15% compared to the previous year; state the amount, the percentage, and reason of such variation	108
IV. Change of CPA	109
V. Any of the Company's Chairman, President, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year	109
VI. Details of shares transferred or pledged by directors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report	109
VII. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders	111
VIII. Investments jointly held by the Company's directors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties	112
Four. Capital Overview.....	113
I. Capital and shares	113
II. Corporate bonds, preferred shares, overseas depository receipts, employee warrants, and merger/acquisition/divestment through exchange of shares	125
III. Progress on planned use of capital	125
Five. Operational Overview.....	126
I. Business description.....	126
II. Market, production and sales overview	136
III. Employees	150
IV. Contribution to environmental protection	150
V. Labor-management relations	151
VI. Cyber security management	159
VII. Major contracts	161
Six. Financial Overview	163
I. Summary balance sheet and income statement for the last 5 years	163
II. Financial analysis and cause of variation for the last 5 years	169
III. Audit Committee's report on the review of the latest financial report	172
IV. Latest financial statements	173
V. Latest audited standalone financial statements	173
VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position	173
Seven. Review of Financial Position, Operating Results, and Risk Management Issues.....	174
I. Financial position.....	174
II. Business performance	175
III. Cash flow.....	176
IV. Material capital expenditures in the last year and impacts on financial position and business performance	177
V. Investment policy in the most recent year, causes of profit or loss incurred, and any improvements or investments planned for the next year	179
VI. Analysis of risk issues	181
VII. Other material issues.....	185
Eight. Special Disclosure.....	186
I. Affiliated companies	186
II. Private placement of securities in the last year up until the publication date of annual report.....	192
III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up until the publication date of annual report	192

IV. Other supplementary information	192
V. Occurrences Significant to Shareholders' Interests or Securities Price, as Defined in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, in the Last Year up Until the Publication Date of Annual Report	192
Appendix I. 2023 Consolidated Financial Statements and Independent Auditors' Report	193
Appendix II. 2023 Standalone Financial Statements and Independent Auditors' Report	287

One. Report to Shareholders

Good day, ladies and gentlemen,

Your coming to the shareholders meeting is highly appreciated, and I would like to express the highest appreciation to your support and encouragement, on behalf of the Company. Hereby the 2023 business results and strategies for the future development are reported as the following:

I. Implementation results of the 2023 business plan

Looking back on 2023, the recovery expected by the market after the lifting of COVID-19 lockdowns fell short. Regional wars and geopolitics continued to intensify, and major international economies faced inflation, rising unemployment, and real estate crisis. Various negative signals resulted in weak demand. This resulted in a decrease of 2023 revenue by 6.28% from 2022 and 2023 operating income decreased by NT\$180,662 thousand from 2022. Looking to the next year, the Company will work with suppliers and customers to maintain the flexibility of the supply chain, to face market fluctuations and maintain profit growth. Business performance and operations of the Company in 2023 are compared with the ones in 2022 as described in the following respectively:

(I) Implementation results of the 2023 business plan

Unit: NTD thousand				
Item	2022	2023	Percentage	difference %
Net sales amount	2,419,509	2,267,637	(151,872)	-6.28
Operating profit (loss)	37,437	(143,225)	(180,662)	-482.58
Net non-operating income (expense)	(201,445)	(17,778)	183,667	-91.17
Net (loss) profit before tax	(164,008)	(161,003)	3,005	-1.83
Income tax expense	20,415	(25,308)	(45,723)	-223.97
Net (loss) profit of the period	(184,423)	(135,695)	48,728	-26.42
Basic earnings (loss) per share after tax (NT\$)	(0.60)	(0.44)	\$0.16	-26.67

Note: The impacts of earnings per share and issuance of stock dividends have been included in the retrospective adjustment.

(II) Implementation of budget

Name of Product	Planned quantity	Actual quantity	Unit
Compound semiconductor components	8,153	6,331	KK
Si component	13,295	12,673	KK
	151,236	107,894	PCS

(III) Financial Revenue/Expenditure and Profitability Analysis

item		2022	2023
Financial structure (%)	Debt to total assets ratio	26.42	27.47
	Long-term capital to property, plant & equipment ratio	247.46	231.14
Debt servicing capability (%)	Current ratio	357.14	311.78
	Quick ratio	262.74	228.01
Profitability (%)	Return on asset	-2.97	-2.30
	Return on shareholders' equity	-4.34	-3.24
	Net profit margin	-7.62	-5.98
	Earnings per share (EPS) (NT\$)	(0.60)	(0.44)

(IV) R&D Status

The Company has always focused on the product R&D capability and with the continuous efforts over the past years, we have been able to develop and launch numerous outstanding new products, and have also been able to gain support from government agencies. In addition to stabilizing the existing Asian market, it is also actively expanding the European and North American markets to further extend the market share. To have better forward-looking and marketable products, the Company has been sparing no efforts in optical communication sensing components, the long wavelength sensing used in displays and consumer products, development of avalanche diodes (rangefinding by drones), and automotive optical coupling components (for the high speed industrial control of new energies), medical (blood oxygen and blood sugar), wearables and sensing components of precision control, and certain outcomes have been fruited. In addition, the Company is also active in the investment of relevant product application fields. With the rapid growth of the optoelectronic market, the application scope of various products continues to expand, and the market demand is increasing. To satisfy the market demand, the Company will continue to focus on the development of the following products:

- A. High density semiconductor passive components
- B. 6" wafer and high-sensitivity sensing PD
- C. 6" wafer and high precision and power components
- D. High power AlGaInP light emitting diodes
- E. High speed communication photodiodes
- F. Multiband photo detectors
- G. DUV sensors
- H. Substrates with electrostatic protection components
- I. Flip-chip Zener diodes
- J. Photo diode integrated circuit (PDIC)
- K. Low-capacitance transient voltage suppressors (TVS)
- L. High speed optical communication laser diodes
- M. Vertical cavity surface emitting laser (VCSEL) diodes

- N. GaN power device
- O. Long wavelength sensing components
- P. Infrared diodes for high-speed industrial control
- Q. Point light source infrared diode

II. Summary of the 2024 business plan

(I) Operating Guideline

To achieve the business objectives of the present year, the Company will continue to make further improvement on the competitiveness in the marketing, R&D, manufacturing and management aspects. The key operating guidelines of 2024 are below:

1. Cope with the overseas market growth, and actively expand the market share in the regions of Europe, U.S. And Japan.
2. Enhance customized new product development, and improve profitability.
3. Enhance material development source to diversify risks.
4. Continue to increase production efficiency and to improve product quality in order to reduce cost.
5. Continue to promote digital computerization and to increase work efficiency. Increase capital expenditures, continue to invest resources to promote ESG, improve the utilization efficiency of energy and water resource, increase smart production, to achieve the goals of improving economic efficiency and environmental sustainable development, and create a win-win situation for customers, investors, and TYNTEK.
6. Increase the sales weight of Si component products, thereby enhancing the profitability.
7. Strengthen 6" wafer production capacity and increase product technology, and actively develop integrated power and protection components.

(II) Sales forecast and basis

The forecast sales quantity of the Company is determined based on the environment of the industry and the supply and demand condition of the market along with the consideration of own production capacity and business development. The Company firmly believes that a complete production line is the essential factor supporting the sustainable operation of the Company. Based on such principle, the Company will continue to develop new products and to improve product quality, thereby achieving the goals of increasing customer satisfaction and maintaining excellent relationship with suppliers with best effort.

Forecasted sales volume of TYNTEK in 2024

Name of Product	Volume	Unit
Compound semiconductor components	7,451	KK
Si component	16,140	KK
	127,965	PCS

(III) Important Production and Sale Policies

In 2024, the Company will continue to develop new products and new customer sources, and adjust the product structure in order to improve the overall gross profit margin. The Company will actively develop various products satisfying the market trend, to increase the Company's own technical level and understanding customer demands and market development trend effectively. The Company will also maintain good long-term cooperative relationships with material suppliers, to ensure the quality and sources of raw materials without concern. Moreover, to cope with the expansion of business, the Company will actively engage in the construction of complete international sales channels and logistics management, to cope with the business expansion, improve the technical support of products and after-sale service standards, to expand overseas markets continuously and to secure the domestic market, thereby increasing the market share of the Company's products.

III. The company's future development strategy, and the effect of external competition, the legal environment, and overall operations

(I) Future Development Strategy

1. Short-term Business Development Plan:

- (1) Based on the currently existing business, continue to dedicate in the development of high frequency/high power products and various Si sensors and protection components. In addition, for different markets, develop sales method suitable to the local markets.
- (2) Continue to promote the rationalization and flexibility of the production process, in order to achieve harmony between production and sales, as well as to achieve the most optimal operating economic scale, implement quality management thoroughly and achieve the goal of Quality First with best effort. Increase automatic production efficiency and product yield rate, engineering research and development process systematization, thereby improving overall management quality.
- (3) To respond to market demands in new application fields, the Company continues to expand 5" and 6" wafer production capacities and efficiency.
- (4) Coping with the slowdown of the pandemic, facing inflation, geopolitics, and information security issues, we will improve the control and responsive strategies for various emerging risks, with flexible adjustments.

2. Long-term Business Development Plan:

- (1) In addition to continuing to improve quality and maintaining an excellent relationship with domestic and foreign giants in the industry, the Company aims to expand its market share as well as to establish complete sales channels globally and diverse business strategies.
- (2) Integrate various products of the Company and subsidiaries, and establish the operational development model with horizontal expansion and vertical integration, thereby increasing the overall competitiveness of the Company.
- (3) Continue research and development, maintain the leading position in manufacturing technologies, and improve OEM capability, thereby exploiting the Company's advantage in

the mass production economic scale.

(II) Effect of external competition, the legal environment, and the overall business environment:

1. External competition environment:

The Russia-Ukraine conflict, which erupted in the first half of 2022, has continued for two years, leading to high energy prices and increased raw material costs. Additionally, wars breaking out in the Middle East towards the end of 2023 have increased environmental uncertainties. The demand in the Chinese market continues to slow, and worsening inflation negatively affects the bulk market for LED lighting and backlight sources, consequently impacting the supply performance of LEDs. However, there is still room for continuous expansion in new application markets, including Mini LED/Micro LED, horticultural lighting, automotive LED, and invisible light. The invisible light mainly includes infrared IR LEDs that continue to be in demand for optocouplers and automotive applications. Therefore, it can drive Taiwan's LED industry to maintain a stable growth trend. However, Chinese manufacturers continue to have fab expansion plans and are actively deploying them. Therefore, the gradual increase in production capacity and the improvement of technology capacity will have a certain degree of impact on Taiwanese manufacturers.

2. Legal environment:

Climate change and infectious diseases have been threatening the society and economic developments over recent years. Sustainable development and net zero have become a global pursuit. In addition to carbon reduction, the transformation towards net zero is considered new growth engines in all countries. Going forward, companies will be faced with the challenge of increasingly strict carbon control around the world and need to reduce carbon to keep up with the trend in international trade. It is also necessary to continue promoting international cooperation for export orders.

3. Overall business environment:

In 2023, the global economic environment was fraught with uncertainties, having faced consecutive challenges such as the Russia-Ukraine conflict, lockdowns in China, intensifying Sino-US technology competition, and severe end-stock inventory issues, compounded by high inflation affecting consumer purchasing power. Consequently, global economic growth forecasts have been revised downward. In this pessimistic economic outlook, sales of end products are also adversely affected, leading to poor demand performance in the LED industry.

To make our products more forward-looking and market-oriented, in recent years, we have fully committed to the research and development of high-power infrared LEDs, automotive, medical, wearable devices, precision-controlled Si components, and power management MOS components. Given the rapid growth of the optoelectronics market and the continuous expansion of various product applications, the market demand has become more robust. In response to market needs, our company will continue to develop high-potential niche products, enhance product differentiation to break through existing development patterns, and aim to build intelligent living, commit to diverse sensing solutions, and co-create a sustainable future.

TYNTEK Corporation

Chairman: Chou, Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li, Hsiao-Ping

Two. Company Profile

(I) Date of establishment: April 4, 1987

(II) Company history

- (1) Mergers and acquisitions in the last financial year up until the publication date of annual report: None.
- (2) Impacts following a major transfer of shareholding by directors, independent directors, or shareholders with more than 10% ownership interest, or change of management team or any event capable of affecting shareholders' interests: None.

(3) Other information:

April 1987	TYNTEK Corporation was founded by Chairman Pei-Wen Foo, President Raymond Sheu and other industry experts with a capital of nine hundred million New Taiwan Dollars. Concurrently, the company signed a collaboration plan with the Industrial Technology Research Institute's Institute of Industrial Materials for the amplification of IR9400 & LED monocrystal and epitaxial process and factory construction.
November, 1987	Park Administration approved the Company's investment projects.
September, 1988	Relocated to No. 16, Gongye East 4th Road, Hsinchu Science Park.
December, 1988	Constructed new plant at No. 16, Gongye East 4th Road, Hsinchu Science Park.
July, 1989	Obtained work commencement permit and received Park Registration (including plant registration and profit-seeking business registration) from Science Park Administration.
August, 1989	Raised capital, acquired equipment, commenced operations, and made trial sales on a small scale.
January, 1990	Launched GaP and GaAsP crystals in red, orange, and yellow-green colors.
January, 1993	Signed multiple technology transfer contracts with Industrial Technology Research Institute.
August, 1994	High-performance and high-efficiency AlGaAs: the Si IR LED epitaxy mass production plan received innovative project subsidy from the Park Administration.
September, 1994	Launched AlGaAs-based high luminance red LED crystal.
January, 1995	Continued expansion of primary production equipment, resulting in a significant increase in operations and profitability.
June, 1995	One director and one supervisor were added to the management team.
January, 1996	Upon approval, the plant on the 1st floor of No. 10, Gongye East 4th Road, Zhuke Industrial Park was acquired for preparation of construction of a new plant.
June, 1996	Received approval from Securities and Exchange Commission, Ministry of Finance, for public offering.
October, 1996	Purchased land and factory premise located in Zhunan Township, Miaoli County, for new plant construction and production capacity expansion.
December, 1996	Completed construction of plant at No. 10 Gongye East 4th Road, and commenced production of photo diodes and phototransistors.
February, 1997	Awarded patent for "structural improvement of low-noise

	phototransistor array."
April, 1997	President Raymond Sheu was elected Vice Chairman by the board of directors, whereas Vice President C.H. Wu was promoted to President.
July, 1997	Passed ISO 9001 certification.
November, 1998	Shares were listed for trading on Taipei Exchange (TPEX)
September, 2000	Shares were listed for trading on Taiwan Stock Exchange Corporation (TWSE)
December, 2001	Completed silicon component plant expansion project at Zhunan Branch to increase production capacity of phototransistors and photo diodes. Commenced R&D for active optical communication components.
May, 2002	Vice President J.R. Deng was promoted to President.
November, 2002	Signed a contract with E-wintek Corp. to develop GPRS/GPS wireless communication products and established an EMS (electrical machine service) Division.
November, 2003	Passed QS9000 certification for quality system.
December 2004	Received certification for ISO14001 - Environmental Management System and OHSAS18001 - Occupational Health and Safety Management System.
December 2005	Signed a contract for "AC LED joint-development" with the Photovoltaic Laboratory of ITRI.
July 2006	Divested Tyntek's ITS Product Division into a new separate subsidiary named Tynsolar Corporation to assume businesses (including assets, liabilities, and operations) from TYNTEK Corporation. (July 31, 2006 was set as the baseline date for divestment during the shareholder meeting held on June 1, 2006)
November 2006	Received the "Glittering Black Horse Award" for outstanding smoke-free work environment.
November 2007	Received autonomous healthy workplace accreditation – smoke hazard prevention label.
December 2007	Received QC 080000 IECQ HSPM certification.
December 2007	Received Green Partner certification from SONY.
November 2008	Subsidiary - Tynsolar Corporation was listed for trading on TPEX.
April 2009	Received certification for ISO14064-1:2006 - Greenhouse Gas Inventory.
November 2009	Won the Safety and Health Role Model Award from the Industrial Development Bureau, Ministry of Economic Affairs.
January 2010	Passed certification for ISO14001 and OHSAS18001.
January 2010	Passed certification for TOSHMS.
June 2010	President J.R. Deng was promoted CEO, while Vice President Chou Wen-Long was promoted President.
November, 2010	Passed certification for ISO14001:2004 and OHSAS18001:2007.
March 2011	Received certification for ISO14064-1:2006 - Greenhouse Gas Inventory.
January 2012	Passed certification for TOSHMS:2007.
December 2012	Awarded the MOE's ABOE Energy Label.
December 2013	Received certification for ISO14064-1:2006 - Greenhouse Gas Inventory.
January 2014	Passed certification for ISO14001(2004), OHSAS18001(2007), and CNS15506:2011.

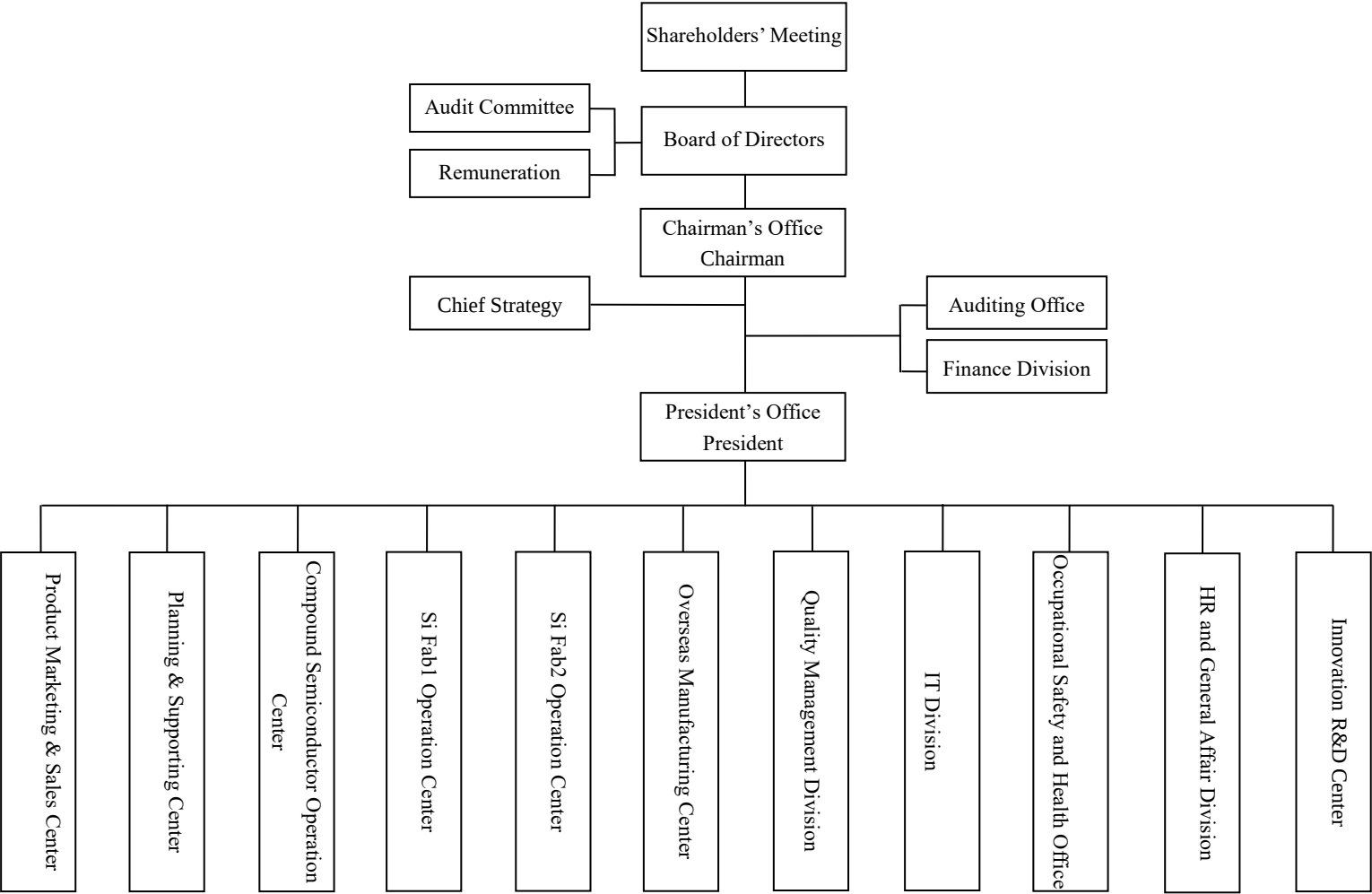
September 2014	Reduced share capital against cumulative losses; paid-up capital was reduced to NT\$2,392,453 thousand.
October 2014	Retired 3,313,485 common shares held as treasury stock; paid-up capital was reduced to NT\$2,359,318 thousand.
October 2014	Received certification for ISO14064-1:2006 - Greenhouse Gas Inventory.
March 2015	Issued 40,000,000 new shares for cash, and issued the Company's 8th domestic secured convertible bonds totaling NT\$300 million.
September 2015	Invested USD 1,500,000 into Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. through TEK Holding Co., Ltd. and KEYWAY INTERNATIONAL L.L.C.
October 2015	Invested NTD 8,500,000 into Shu Chi Co., Ltd., an equity-accounted investment.
January 2016	Received certification for Badge of Accredited Healthy Workplace.
May 2016	Awarded utility model patent in the Mainland - light-emitting diode and pattern formation device.
October 2016	Received certification for ISO14064-3:2006 - Greenhouse Gas Inventory.
December 2016	Passed certification for ISO14001(2004), OHSAS18001(2007), and CNS15506:2011.
May 2017	Acquired factory premise in Jhunan Science Park with a tender bid of NT\$640,000 thousand for capacity expansion and to improve production capacity and technology for 6-inch wafers.
October 2017	Received certification for ISO14064-1:2006 - Greenhouse Gas Inventory.
December 2017	Passed certification for ISO14001(2015), OHSAS18001(2007), and CNS15506:2011.
June 2018	Received certification for ISO14064-3:2006 - Greenhouse Gas Inventory.
December 2018	Passed certification for ISO14001(2015), OHSAS18001(2007), and CNS15506:2011.
December 2018	Collaborated with ITRI on a chiller pump optimization project.
May 2019	Received counseling from Industrial Development Bureau to convert existing safety and health management system to ISO45001.
August 2019	The board of directors passed a resolution to relocate the Company to No. 15, Kezhong Road, Zhunan Township, Miaoli County (Jhunan Science Park).
October 2019	Responded to the invitation of Miaoli County Fire Bureau and participated in the planning and execution of "chemical hazard rescue" drill.
November 2019	Received commendation from Industrial Development Bureau for assistance in risk technology.
December 2019	Passed certification for ISO 14001:2015, ISO 45001:2018, and CNS45001:2018.
May 2020	Awarded invention patent for the production of wide bandgap oxide epitaxy film.
July 2020	Passed certification for IECQ QC080000:2017.
November 2020	Passed certification for IATF16949:2016 and ISO9001:2015.
November 2020	Awarded invention patent for LED lighting module.
December 2020	Passed certification for ISO 14001:2015, ISO 45001:2018, and CNS45001:2018.

June 2021	Received certification for ISO14064-3:2006 - Greenhouse Gas Inventory.
August 2021	Passed certification for IECQ QC080000:2017.
October 2021	Passed certification for IATF16949:2016 and ISO9001:2015.
December 2021	Passed certification for ISO 14001:2015, ISO 45001:2018, and CNS45001:2018.
June 2022	Received certification for ISO14064-3:2006 - Greenhouse Gas Inventory.
July 2022	Renai and Kezhong plants passed the IECQ QC080000:2017 certification.
September 2022	Renai and Kezhong Plant passed IATF16949:2016 and ISO9001:2015 certifications.
December 2022	Passed certification for ISO 14001:2015, ISO 45001:2018, and CNS45001:2018.
February 2023	President Chou Wen-Long, was promoted to Chief Strategy Officer, and was elected by the Board of Directors as Vice Chairman. Lee Jung-Huan, Lee, Jung-Huan, assistant to the President, was promoted to President.
June 2023	Renai and Kezhong plants passed the IECQ QC080000:2017 certification.
June 2023	The Renai and Kezhong plants passed the ISO14064-3:2006 greenhouse inspection.
August 2023	Renai and Kezhong Plant passed IATF16949:2016 and ISO9001:2015 certifications.
December 2023	The original Chairman, Lee, Biing-Jye, resigned, and the Board of Directors elected Vice Director Chou Wen-Long as the new Chairman.
December 2023	Renai and Kezhong Plant passed the certification for ISO14001:2015; ISO45001:2018; CNS45001:2018.
December 2023	Renai and Kezhong Plants obtained "Healthy Workplace Certification" from National Health Administration

Three. Corporate Governance Report

I. Organization

(I) Organizational structure chart



2. Responsibilities of main departments

(1) President's Office

- Establishment of corporate strategies, and research, planning, execution, and consultation of special projects.
- Planning, enforcement, and tracking of operational matters and procedures.
- Establishment of operational goals.

(2) Occupational Safety and Health Office

- Formulate, plan and promote safety and health management and environmental protection management matters.
- Integrate safety and health operations and environmental protection operations, and respond to external audits and communicate and coordinate internal and external matters.

(3) Auditing Office

- Inspects and evaluates robustness of the internal control system, and provides analyses, assessments, and recommendations.
- Introduces solutions that facilitate effective management and control, and improve operating efficiency at reasonable cost.

(4) Innovation R&D Center

- Research, development, and design of new products.
- Improves product features, reduces production cost, and raises product yield.
- Acquisition of patents for new products.
- Technology licensing for new products.

(5) Product Marketing & Sales Center

- Establishment of product marketing strategies and market development.
- Gathering and analysis of market/industry information.
- Product after-sale service.

(6) Planning & Supporting Center

- Accurate assessment of demands for raw materials and supplies.
- Arrangement and control of production schedule.
- Exploration and development of product applications.
- Procurement and warehousing related matters.
- Operation, maintenance and management of the daily operation of the plant administration system.
- Coordination and execution of repairs.

(7) Compound Semiconductor Operation Center

- Research, development, engineering, and improvement of compound semiconductor components and light-emitting components and optical communication components.

- Production of compound semiconductor components and light-emitting components and optical communication components.
 - Improvement of production procedures.
 - Equipment maintenance-related matters.
- (8) Si Fab1 Operation Center
- Research, development, engineering, and improvement of Si components.
 - Production of Si components.
 - Improvement of production procedures.
 - Equipment maintenance-related matters.
- (9) Si Fab2 Operation Center
- Research, development, engineering, and improvement of Si components.
 - Production of Si components.
 - Improvement of production procedures.
 - Equipment maintenance-related matters.
- (10) Overseas Manufacturing Center
- Development of new businesses in the Mainland and research and development of green products.
- (11) Quality Management Division
- Establishment of quality control systems and policies.
 - Inspection of raw materials, supplies, and finished goods.
- (12) Finance Division
- Cash disbursement and funding related matters.
 - Accounting and bookkeeping related matters.
 - Tax calculation and filing.
- (13) HR and General Affair Division
- Personnel recruitment, training, performance management, promotion, reward, and discipline.
 - Management and planning of daily administrative affairs.
- (14) IT Division
- Planning, creation, and management of the management information system (MIS).
 - Spearheads in the planning and implementation of the Company's electronic communication system.
 - Introduction of computer systems to assist various activities.

(II) Background information of directors, independent directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices

1. Directors' and independents' background

(1) Directors' and independents' background

March 31, 2024 Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouses and children of minor age		Shareholding by nominee Arrangement		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor		
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship
Chairman	Republic of China	Chou Wen-Long	Male 61-70 years old	2023.12.27	Note 1	2021.07.02	166,813	0.055	166,813	0.055	0	0	0	0	Bachelor, Department of Physics, Tamkang University Vice President, Vitelic (Hong Kong) Limited Vice President, TYNTEK Corporation President, TYNTEK Corporation Vice Chairman concurrent CSO of the Company	Chairman concurrent CSO and (Note 1) of the Company	None	None	None
Director	Republic of China	Liang Dian Investment Co., Ltd.	-	2021.07.02	3 years	2021.07.02	10,000	0.003	50,000	0.017	0	0	0	0	-	-	None	None	None
	Republic of China	Representative Su, Feng-Cheng	Male 61-70 years old	December 25, 2023	Note 2	2010.06.30	0	0	0	0	0	0	0	0	PhD, Materials Engineering, State University of New York, USA Executive Vice President, ENNOSTAR Inc. Director of GCS HOLDINGS, INC. Director, DARWIN PRECISIONS CORPORATION Chairman of Lextar Electronics Corp. Senior Vice President, AUO Corporation	Executive Vice President, ENNOSTAR Inc. and (Note 2)	None	None	None
Director	Republic of China	Wei Ban Investment Corporation	-	2021.07.02	3 years	2021.07.02	10,000	0.003	50,000	0.017	0	0	0	0	-	-	None	None	None

Title	Nationality or place of registration	Name	Gender	Age	Tenure	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouses and children of minor age		Shareholding by nominee Arrangement		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor		
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship
	Republic of China	Representative Li Cun-Chung	Male	51-60 years old	Note 3	2021.07.02	0	0	0	0	0	0	0	0	Master of Commerce, University of Berkeley Vice President, ENNOSTAR Inc. Director of GCS HOLDINGS, INC. Director of PROLIGHT OPTO TECHNOLOGY CORPORATION	Vice President, ENNOSTAR Inc. and (Note 3)	None	None	None
Director	Republic of China	Ennostar Inc.	-	2021.07.02	3 years	2021.07.02	8,935,000	2.972	23,799,000	7.916	0	0	0	0	-	-	None	None	None
	Republic of China	Representative Lee Jung-Huan	Male	51-60 years old	3 years	2021.07.02	0	0	140,000	0.047	0	0	0	0	Bachelor, Department of Chemical Engineering, Tamkang University President, Opto Tech Corporation Special Assistant, TYNTEK Corporation	President of the Company and (Note 5)	None	None	None
Independent Director	Republic of China	Liu, Yin-Fei	Female	51-60 years old	3 years	2021.07.02	0	0	0	0	0	0	0	0	EMBA, National Cheng Chi University Partner/ Senior Consultant, PwC Taiwan /Senior Consultant Independent Director, Waffer Technology Corp. Independent Director, Edison Opto Corp.	Senior Consultant of PwC Taiwan, Independent Director, Waffer Technology Corp., and Independent Director, Edison Opto Corp.	None	None	None
Independent Director	Republic of China	Chiang, Huei-Chung	Male	61-70 years old	3 years	2021.07.02	0	0	0	0	0	0	0	0	Master and PhD in Chemical Engineering, Northwestern University, the U.S. Department of Chemical Engineering, National Tsing Hua University Special Assistant to the Chairman of MiTAC-Synnex Group President, Thintec Materials	Independent Director of Prolight Opto Technology Corp., Member of Remuneration Committee of HannStar Display Co., Ltd.	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouses and children of minor age		Shareholding by nominee Arrangement		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor		
							Shares	Share holding percentage (%)	Shares	Share holding percentage (%)	Shares	Share holding percentage (%)	Shares	Share holding percentage (%)			Title	Name	Relationship
															Corporation. Independent Director, HannStar Display Corporation Director of UPC Technology Corp. Supervisor, Epistar Corporation Supervisor, Asia Polymer Corporation. Supervisor, Synnex Technology International Corporation				
Independent Director	Republic of China	Hsieh, Chia-Ying	Male 51-60 years old	2021.07.02	3 years	2021.07.02	0	0	0	0	0	0	0	0	Master, Business Administration College, National Taiwan University Independent Director, Sunplus Innovation Technology Inc. Independent Director, Lotes Co., Ltd. Director, Leltek Inc. Executive Director, Total Fortune Capital Director, QSAN Technology, Inc.	CIO of Chanful Capital Co., Ltd; Director Representative, Leltek Inc., Director, QSAN Technology, Inc., Director of Lotes Co., Ltd., and Independent Director of Sunplus Innovation Technology Inc.	None	None	None

Note 1: The former chairman, Lee, Biing-Jye, resigned on December 25, 2023. Chou Wen-Long was elected as the new chairman by the Board of Directors on December 27, 2023, with his term lasting until the next re-election date.

The chairman's representative entities include: Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd., Long Benefit Investment Co., Ltd., TEK Holding Co., Ltd., KEYWAY INTERNATIONAL L.L.C.

Note 2: Director representatives: The Company (re-appointed by legal entity Liang Dian, with term of office until the next re-election), Hexawave, Inc., Unikorn Semiconductor Corp., CGS HOLDINGS INC., Wellywave Semiconductor Inc., Darwin Precisions Corporation

Note 3: Director representatives: The Company (newly appointed by the corporate Wei-Ban Investment Corporation, and the term of office will be until the next election), Yenrich Technology Co., Ltd., Prolight Opto Technology Co., Ltd., Amengine Co., Ltd. Company, Mainstream Lighting Co., Ltd., iReach Co., Ltd., Puri Optoelectronics (Xiamen) Co., Ltd., CGS Holdings Co., Ltd., Wellchip Microelectronics Technology (Jiangsu) Ltd.

Note 4: In situations where the Company's President or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, additional explanation will be provided on the reasons, rationality, and necessity of such an arrangement and any response measures taken: None.

Note 5: Representative of the Board: The Company, Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd., Long Benefit Investment Co., Ltd.

Table 1: Major shareholders of corporate shareholders

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding percentage (%)
Liang Dian Investment Co., Ltd.	Epistar Corporation	100
Wei Ban Investment Corporation	Lextar Electronics Corporation	100
Ennostar Inc. (Note)	AU Optronics Corp.	12.40
	Ronly Venture Corp.	2.74
	Konly Venture Corp.	2.17
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.22
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.21
	Taiwan Life Insurance Co., Ltd.	1.01
	Tai Li Corp.	0.93
	Polunin Developing Countries Fund, LLC	0.89
	Zeng, Wan-Ting	0.72
	United Microelectronics Corp.	0.71

Note: Data recorded on the shareholder roster on the book-closure date, April 2, 2023.

Table 2: Major shareholders of major corporate shareholders listed in Table 1

Name of corporate	Major shareholders of the corporate	Shareholding percentage (%)
Epistar Corporation	Ennostar Inc.	100
Lextar Electronics Corporation	Ennostar Inc.	100
AU Optronics Corp (Note 1)	Qisda Corporation	6.90
	Yuanta Taiwan High Dividend Securities Investment Trust Fund under CTBC's Custody	4.71
	Trusted property account of the employee shareholding trust management committee, AU Optronics Corp, custody of SinoPac Commercial Bank	4.62
	Quanta Computer Incorporated	4.61
	Global Depository Receipt Account of AU Optronics Corp, trusted to Citibank	2.52

Name of corporate	Major shareholders of the corporate	Shareholding percentage (%)
	Cathay Life Insurance Co., Ltd.	1.50
	New system labor pension fund	1.27
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds under custody of JPMorgan Chase Bank Taipei Branch	0.91
	Yuanta Taiwan Excellence 50 Securities Investment Trust Fund under CTBC's Custody	0.88
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds under custody of JPMorgan Chase Bank Taipei Branch	0.86
Li Investment Co., Ltd.	AU Optronics Corp	100
Kang Li Investment Co., Ltd.	AU Optronics Corp	100
Taiwan Life Insurance Co., Ltd.	CTBC FINANCIAL HOLDING CO., LTD.	100
Tai Power Enterprise Corporation (Note 2)	UNIMODE INVESTMENT CO.,LTD	90.821
	TAIWAN EVERVALIANT CORP.	9.116
	Chen, Chin-Chih	0.034
	Chen, Li	0.021
	Su, Wen-Chung	0.002
	Wang, Hsiu-Wen	0.002
	Lin, De-Ming	0.002
	Lin, An-Zhou	0.002
United Microelectronics Corp (Note 3)	Global Depository Receipt Account of UMC, under custody of JPMorgan Chase Bank Taipei Branch	4.75
	Hsun Chieh Investment Corporation	3.54
	Silicon Integrated Systems Corp.	2.29
	Taiwan Life Insurance Co., Ltd.	1.76
	Trusted account of the employee shareholding of UMC under custody of CTBC	1.55
	Yann Yuan Investment Co., Ltd.	1.52
	New system labor pension fund	1.40
	Fubon Life Insurance Co., Ltd.	1.38
	China Life Insurance Co., Ltd.	1.34
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.13

Note 1: Data recorded on the shareholder roster on the book-closure date, October 7, 2022.

Note 2: Reference to the 2022 annual report of Wan Hai Lines, Ltd., data as of April 01, 2023.

Note 3: Data recorded on the shareholder roster on the book-closure date, June 28, 2022.

(2) Information disclosure for directors' qualifications and independent directors' independence:

The composition and professional qualifications of the Directors are summarized as follows:

Criteria Title Name	Summary of professional qualifications and experience of directors	Basic composition				Professional knowledge and skills			
		Nationality	Gender	Employee Status	Age range	Operational leadership	Finance/Accounting	Risk management	Industry experience
Chairman and Chief Strategy Officer Chou Wen-Long	Studied physics and serves as both the Chairman and Chief Strategy Officer of the company, deeply involved in the LED and silicon component sensing fields for many years. He is a director of the Taiwan Optoelectronics and Compound Semiconductor Industry Association, skilled in manufacturing technology optimization and factory transformation, and management of research and development teams. He possesses profound knowledge in the optoelectronics industry, with strong leadership and capabilities in various aspects of risk and marketing management.	The Republic of China	Male	、	61-70	、		、	、
Director Representative, Liang Dian Investment Co., Ltd. Su, Feng-Cheng	PhD in Material Engineering and Studied at GEThe company is engaged in the research of TFT-LCD avionics applications, and joined AUO Optoelectronics to focus on TFT-LCD R&D, quality control, and construction of a TFT-LCD manufacturing plant (the first in Taiwan). Once joined AUO as the President of the Display Business Group, and founded Lextar Electronics, accumulating extensive experience in the optoelectronics industry with solid practical experience in marketing and risk management.	The Republic of China	Male		61-70	、		、	、
Director Representative, Wei Ban Investment Corporation: Li Cun-Chung	Master of Business (MBA) from University of Berkeley. He used to serve as Director of Global Communications Semiconductor and ProLight Opto, and now Vice President of Ennostar Inc., possessing extensive knowledge in the optoelectronics industry, sharp operational judgment, and expertise in business management, technology, and international marketing.	The Republic of China	Male		51-60	、	、		、
Director/President Representative of ENNOSTAR Inc.: ,Lee Jung-Huan	Previously served as the general manager of a listed company, focusing on the development and manufacturing of silicon sensing components used in distance measurement, health monitoring, and industrial control. Currently serving as the general manager of the company, they possess strong professional skills in training effective operational teams and decision-making capabilities in operations.	The Republic of China	Male	、	51-60	、		、	、
Independent Director Liu, Yin-Fei	Holder of CPA qualification and Senior Exam of Civil Service; served as Senior Consultant of PwC Taiwan for many years; currently serves as Independent Director of Waffer Technology Corp., and Edison Opto Corp. She has solid background of commerce, finance, and accounting, and professional abilities of finance and accounting.	The Republic of China	Female		51-60		、	、	

Criteria Title Name	Summary of professional qualifications and experience of directors	Basic composition				Professional knowledge and skills			
		Nationality	Gender	Employee Status	Age range	Operational leadership	Finance/Accounting	Risk management	Industry experience
Independent Director Chiang, Huei-Chung	Master and PhD in Chemical Engineering, Northwestern University, the U.S., Department of Chemical Engineering, National Tsing Hua University; served as President of Thintec Materials Corporation, Independent Director, HannStar Display Corporation, Supervisor of Epistar, Asia Polymer Corporation, Synnex Technology International; currently serving concurrently as Special Assistant to Chairman, MiTAC-SYNNEX Group; DirectorUPC Technology Corporation; Independent Director. Good at industry knowledge, law, and risk management, and detecting and reviewing audit matters.	The Republic of China	Male		61-70	,	,	,	,
Independent Director Hsieh, Chia-Ying	Graduated from the Institute of Business Administration and Department of Electronic Engineering, National Taiwan University; served as CIO of Chanful Capital Co., Ltd and Independent Director of Lotes Co., Ltd. for many years; currently serves as Director of Lotes Co., Ltd., Leltek Inc., Director, QSAN Technology, Inc., and Independent Director of Sunplus Innovation Technology Inc. He has many years of practical experience in investment management, commerce and financial management, and risk management capabilities.	The Republic of China	Male		51-60		,	,	,

Note: None of the Company's directors and independent directors has the circumstances described in Article 30 of the Company Act.

Independence of independent directors (listed below)

Independent Director Name	The person himself/herself, his/her spouse, or a relative within the second degree of kinship serves as a director, supervisor, or employee of the Company or any of its affiliated companies	The shares of the company are held by the person themselves, their spouse, or a relative within the second degree of kinship (or in the name of another person).	Servicing as director, supervisor, or employee of the company having special relationship with the Company	Amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years	with the Company for more than three consecutive terms	Number of positions as independent director in other public companies	Serving concurrently as independent director in more than 3 other public companies
Liu, Yin-Fei	No	No such situation	No	No such situation	No such situation	Two	No such situation
Chiang, Huei-Chung	No	No such situation	No	No such situation	No such situation	One	No such situation
Hsieh, Chia-Ying	No	No such situation	No	No such situation	No such situation	One	No such situation

(3) Board diversity and independence

Management, goals, and implementation of diversity policy of the Board:

Management goal	Term of office
The number of directors with employee status does not exceed one-third of the total number of directors	Goal achieved
Over 1/3 of the Board are independent directors	Goal achieved
One third of the board members are female	Target not yet achieved

Considering the diversity goals set by the board of directors, there are 2 members (28.6%) who are employees, which is less than one-third and thus meets the target. Independent directors make up 3 seats (42.86%), exceeding the goal of one-third of all directors. However, there is currently only 1 female member (14%), which does not reach one-third of the total, indicating room for improvement.

Independence of the Board of Directors:

The election of all directors at our company follows a candidate nomination system, in accordance with our corporate charter, the directors' election procedures, corporate governance practice codes, regulations on the establishment and compliance matters of independent directors of publicly issued companies, and Article 14-2 of the Securities Transaction Act, among other relevant regulations. The principle of openness and fairness governs the process. The current structure of our Board of Directors consists of four general directors (including three corporate representatives and one natural person) and three independent directors, totaling seven members. Independent directors comprise more than one-third of the board. All three independent directors also serve on both the Audit Committee and the Remuneration Committee. During their appointment and tenure, the company annually reviews their independence qualifications and obtains declarations of independence. It is confirmed that they, their spouses, and their relatives within the second degree have no direct or indirect conflicts of interest with the company, ensuring significant impartial independence.

The Board highly values independent opinions, and all current independent directors have been with the company for less than three years, holding no shares in the company, which attests to their high level of independence. The Board emphasizes independent operation and transparency. The three independent directors adhere to relevant legal provisions and, in conjunction with the Audit Committee's authority, oversee the company's internal controls or risk attentions, emphasizing the independence of the certified public accountants and the proper preparation of financial statements. The company is committed to continuously assessing the independence of directors during their tenure, understanding and tracking the independence and suitability of independent directors, and has established a performance evaluation system for the Board. The independent directors demonstrate the traits of independence and behaviors consistent with their independent roles, meeting expectations.

2. Background information of the President, vice presidents, assistant vice presidents and heads of various departments and branches

March 31, 2024 Unit: shares, %

Title	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shareholding of spouses and children of minor age		Shareholding by nominee Arrangement		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship
Chief Strategy Officer (CSO) (Note 3)	Republic of China	Chou Wen-Long	Male	2023.02.22	166,813	0.055	0	0	0	0	Department of Physics, Tamkang University President, TYNTEK Vice President, TYNTEK Vice President, Vitelic (Hong Kong) Limited	Note 1	None	None	None
President (Note 3)	Republic of China	Lee Jung-Huan	Male	2023.02.22	140,000	0.046	0	0	0	0	Department of Chemical Engineering, Tamkang University Special Assistant, TYNTEK President, Opto Tech Corporation	Note 2	None	None	None
Special Assistant of President	Republic of China	Yu Chia-Chun	Male	2024.01.1	0	0	0	0	0	0	Institute of Nuclear Engineering and Science, National Tsing Hua University TYNTEK Innovation R&D Center - Assistant Vice President	None	None	None	None
Vice President	Republic of China	Peng Chao-Kun	Male	2010.07.01	10,020	0.003	0	0	0	0	Graduated from United College of Technology Industrial Technology Research Institute - Researcher	None	None	None	None
Vice President	Republic of China	Lin Te-Cheng	Male	2010.07.01	11,466	0.003	0	0	0	0	Postgraduate Institute of Chung Hua University Tacheng Turbines - Engineer	None	None	None	None
Vice President	Republic of China	Lu Shao-Rong	Male	2014.08.12	25,330	0.008	0	0	0	0	Graduated from Ta Hwa Institute of Technology Industrial Technology Research Institute - Researcher	None	None	None	None
Vice President	Republic of China	Chiu Mei-Ling	Female	2024.01.01	14	0.000	0	0	0	0	Postgraduate Study of Business, Columbia Southern University TYNTEK - Assistant Vice President of Finance Division	Note 2	None	None	None
Finance Division Head of Accounting	Republic of China	Li Hsiao-Ping	Female	2014.02.14	5,827	0.002	0	0	0	0	Graduated from Providence University TYNTEK Finance Division - Manager	Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. - Supervisor Representative	None	None	None

Note 1: Representatives of the Chairman: Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd., Long Benefit Investment Co., Ltd., TEK Holding Co., Ltd. , KEYWAY INTERNATIONAL L.L.C.

Note 2: Representative of the Board:The Company, Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd., Long Benefit Investment Co., Ltd.

Note 3: On February 22, 2023, President Chou Wen-Long was promoted to CSO, while Special Assistant to President Lee Jung-Huan was promoted to President.

Note 4: In situations where the Company's President or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, additional explanation will be provided on the reasons, rationality, and necessity of such an arrangement and any response measures taken: None.

(III) Compensation paid to non-independent directors, independent directors, the President, and vice presidents in the last year

1. Compensation to non-independent and independent directors

December 31, 2023 Unit: NT\$ thousands, %

Title (Note 1)	Name	Remuneration of directors								Sum of A, B, C and D as a percentage of net income (Note 8)		Compensation received as employee								The sum of A, B, C, D, E, F and G as a percentage of after tax profit (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		Base compensation (A) (Note 2)		Severance payment and pension (B)		Director remuneration (C)(Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Severance payment and pension (B)		Employee profit-sharing compensation (G)(Note 6)						
		The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Compa ny	All compa nies included in the financial statemen ts (Note 7)	The Company		All companies included in the financial statements (Note 7)		The Compa ny	All compa nies included in the financial statemen ts (Note 7)	
Chairman	Chou Wen-Long	608	608	0	0	0	0	60	65	668 -0.51%	673 -0.51%	3,702	3,702	247	247	0	0	0	0	4,617 -3.50%	4,622 -3.50%	0
Corporate entity Director	Liang Dian Investment Co., Ltd. (Note 11)	1,192	1,192	0	0	0	0	0	0	1,192 -0.90%	1,192 -0.90%	0	0	0	0	0	0	0	0	1,192 -0.90%	1,192 -0.90%	0
	Representative: Lee, Biing-Jye	0	0	0	0	0	0	60	65	60 -0.05%	65 -0.05%	0	0	0	0	0	0	0	0	60 -0.05%	65 -0.05%	0
	Representative: Feng-Cheng Su	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	0
Corporate entity Director	Wei Ban Investment Corporation (Note 12)	600	600	0	0	0	0	0	0	600 -0.45%	600 -0.45%	0	0	0	0	0	0	0	0	600 -0.45%	600 -0.45%	0
	Representative: Huang, Deng-Huei	0	0	0	0	0	0	60	60	60 -0.05%	60 -0.05%	0	0	0	0	0	0	0	0	60 -0.05%	60 -0.05%	0
	Representative: Li Cun-Chung	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	0
Corporate entity Director	Ennostar Inc.	600	600	0	0	0	0	0	0	600 -0.45%	600 -0.45%	0	0	0	0	0	0	0	0	600 -0.45%	600 -0.45%	0
	Representative: Lee Jung-Huan	0	0	0	0	0	0	60	60	60 -0.05%	60 -0.05%	3,707	3,707	108	108	0	0	0	0	3,875 -2.94%	3,875 -2.94%	0
Independent Director	Liu, Yin-Fei	720	720	0	0	0	0	60	60	780 -0.59%	780 -0.59%	0	0	0	0	0	0	0	0	780 -0.59%	780 -0.59%	0
Independent Director	Chiang, Huei-Chung	660	660	0	0	0	0	60	60	720 -0.55%	720 -0.55%	0	0	0	0	0	0	0	0	720 -0.55%	720 -0.55%	0

Title (Note 1)	Name	Remuneration of directors								Sum of A, B, C and D as a percentage of net income (Note 8)		Compensation received as employee								The sum of A, B, C, D, E, F and G as a percentage of after tax profit (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)		
		Base compensation (A) (Note 2)		Severance payment and pension (B)		Director remuneration (C)(Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Severance payment and pension (B)		Employee profit-sharing compensation (G)(Note 6)								
		The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Compa ny	All compani es included in the financial statemen ts (Note 7)	The Company		All companies included in the financial statements (Note 7)		The Compa ny	All compani es included in the financial statemen ts (Note 7)					
Independ ent Director	Hsieh, Chia-Ying	660	660	0	0	0	0	60	60	720 -0.55%	720 -0.55%	0	0	0	0	0	0	0	0	720 -0.55%	720 -0.55%	0		

1. Directors' compensation mentioned above includes travel allowances paid to independent directors for assuming concurrent roles as Remuneration Committee and Audit Committee members.
2. Policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed: Independent directors are compensated according to the levels and values of their participation in business operations, which are assessed based on the Board of Directors Performance Assessment Policy after taking into account the presence of moral hazard or any other risk event that may adversely affect the Company's images. The amount of compensation is determined based on individual directors' participation and contribution and overall performance of the Company, and is reviewed in a timely manner to comply with prevailing laws, and reported to the board of directors for discussion and resolution after reviewed by the Remuneration Committee.
3. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): none

Note 1: The 13th directors, Lighting Investment Corp., Wellybond Corporation, Ennostar Inc., Chou Wen-Long, Liu, Yin-Fei, Chiang, Huei-Chung, and Hsieh, Chia-Ying were elected in the shareholders' meeting on July 2, 2021 and took offices.

Note 2: Refers to director's compensation in 2023 (including salary, allowance, severance pay, various bonuses and incentives etc).

Note 3: Base on the directors' remuneration amount approved to be distributed by the board of directors on February 21, 2024

Note 4: Refers to compensation paid for services rendered in 2023 (including travel, special allowances, subsidies, accommodation, corporate vehicle, and in-kind benefits).

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles, in-kind benefits etc. that the director received in 2023 for assuming the role of a company employee (such as President, vice president, manager, or other employee). (In addition, where salary expense is recognized according to IFRS2 - "Share-based Payment," the amount of which includes employee warrants, restricted employee shares, and subscription to cash issues.)

Note 6: Referring to these directors who concurrently serve as employees (including concurrently serving as president, vice president, other managerial officers and employees) and receive employees' remuneration (including shares and cash) in 2023. Base on the employee's remuneration amount to be distributed by the board of directors on February 21, 2024.

Note 7: Referring to all companies covered by the consolidated financial statements (including the Company), and represents total amount of compensation paid by all companies above to the Company's directors.

Note 8: The net income after tax refers to the net loss after tax of NT\$131,954 thousand in the Company's 2023 parent-only statement

Note 9: The amount of compensation a director receives from business investments other than subsidiaries refers to any benefit, remuneration (including remuneration received as an employee, director, and supervisor), and professional service fee that the Company's director receives for serving as director, supervisor, or manager in business investments other than subsidiaries.

Note 10: The amount of pension actually paid to the Company's directors 2023 amounted to NT\$0. The amount of severance pay and pension contribution expensed during the year was NT\$355 thousand.

Note 11: Chairman Lee, Biing-Jye resigned on December 25, 2023. Liang Dian Investment Co., Ltd. reappointed Su Feng-Cheng as its representative on December 25, 2023. Lee, Biing-Jye was relieved to serve as the representative.

Note 12: Corporate Director WeiBan Investment Co., Ltd. replaced its representative on December 25, 2023, appointing Li Cun-Chung and dismissing the former representative Huang, Deng-Huei.

2. Compensation to the President and vice presidents

December 31, 2023 Unit: NT\$ thousands, %

Title	Name	Salary (A) (Note 1)		Retirement pay and pension (B) (Note 7)		Bonuses and allowances (C) (Note 2)		Employee remuneration (D) (Note 3)				Sum of A+B+C+D and ratio to net income (Note 5)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 6)
		The Company	All companies included in the financial statements (Note 4)	The Company	All companies included in the financial statements (Note 4)	The Company	All companies included in the financial statements (Note 4)	The Company		All companies included in the financial statements (Note 4)		The Company	All companies included in the financial statements (Note 4)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chief Strategy Officer (CSO)	Chou Wen-Long	2,802	2,802	247	247	900	900	0	0	0	0	3,949 -2.99%	3,949 -2.99%	0
President	Lee Jung-Huan	2,707	2,707	108	108	1,000	1,000	0	0	0	0	3,815 -2.89%	3,815 -2.89%	0
Vice President	Peng Chao-Kun	1,833	1,833	90	90	360	360	0	0	0	0	2,283 -1.73%	2,283 -1.73%	0
Vice President	Lu Shao-Rong	1,693	1,693	83	83	500	500	0	0	0	0	2,276 -1.72%	2,276 -1.72%	0
Vice President	Lin Te-Cheng	1,750	1,750	188	188	320	320	0	0	0	0	2,258 -1.71%	2,258 -1.71%	0

Note 1: Refers to salaries, allowances, and severance pay made to the President and vice presidents in 2023.

Note 2: Refers to other compensations such as bonus, incentive, travel allowance, special allowance, subsidy, accommodation, corporate vehicle or other in-kind benefits made to the President and vice presidents in 2023.

(In addition, where salary expense is recognized according to IFRS2 - "Share-based Payment," the amount of which includes employee warrants, restricted employee shares, and subscription to cash issues.)

Note 3: Referring to the employees' remuneration amount approved by the Board of Directors to be distributed to the president and vice presidents in 2023 (shares and cash included). Base on the employee's remuneration amount to be distributed by the board of directors on February 21, 2024.

Note 4: Compensation is presented in aggregate of all amounts paid by all companies covered by the consolidated financial statements (including the Company) to the Company's President and vice presidents.

Note 5: The net income after tax refers to the net loss after tax of NT\$131,954 thousand in the Company's 2023 parent-only statement.

Note 6: The amount of compensation the President and vice presidents receive from business investments other than subsidiaries refers to any benefit, remuneration (including remuneration received as an employee, director, and supervisor), and professional service fee that the Company's President and vice presidents receive for serving as director, supervisor, or manager in business investments other than subsidiaries.

Note 7: The amount of pension actually paid to the Company's President and vice presidents in 2023 amounted to NT\$ 0 thousand. The amount of pension contribution expensed during the year was NT\$716 thousand.

3. Names of managers who received employee remuneration, and the amount entitled

The Company recorded a net loss after tax for 2023, and the board of directors approved not to distribute, and thus it is not applicable.

4. Remuneration to the Five Highest Remunerated Management Personnel

December 31, 2023 Unit: NT\$ thousands, %

Title	Name	Salary (A) (Note 1)		Retirement pay and pension (B) (Note 8)		Bonuses and allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities (Note 5)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chief Strategy Officer (CSO)	Chou Wen-Long	2,802	2,802	247	247	900	900	0	0	0	0	3,949 -2.99%	3,949 -2.99%	0
President	Lee Jung-Huan	2,707	2,707	108	108	1,000	1,000	0	0	0	0	3,815 -2.89%	3,815 -2.89%	0
Vice President	Peng Chao-Kun	1,833	1,833	90	90	360	360	0	0	0	0	2,283 -1.73%	2,283 -1.73%	0
Vice President	Lu Shao-Rong	1,693	1,693	83	83	500	500	0	0	0	0	2,276 -1.72%	2,276 -1.72%	0
Vice President	Lin Te-Cheng	1,750	1,750	188	188	320	320	0	0	0	0	2,258 -1.71%	2,258 -1.71%	0

Note 1: The officer refers to the managerial officer; "Managerial officers" means those falling within the applicable scope defined in 27 March 2003 Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in 2023.

Note 3: Refers to other compensations such as bonus, incentive, travel allowance, special allowance, subsidy, accommodation, corporate vehicle or other in-kind benefits made to the President and vice presidents in 2023.

(In addition, where salary expense is recognized according to IFRS2 - "Share-based Payment," the amount of which includes employee warrants, restricted employee shares, and subscription to cash issues.)

Note 4: Referring to the employees' remuneration amount approved by the Board of Directors to be distributed to the five highest remunerated management personnel in 2023 (shares and cash included). Base on the employee's remuneration amount to be distributed by the board of directors on February 21, 2024.

Note 5: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents total amount of compensation paid by all companies above to the Company's five highest remunerated management personnel.

Note 6: The net income after tax refers to the net loss after tax of NT\$131,954 thousand in the Company's 2023 parent-only statement

Note 7: Referring to the amount of compensation paid to the five highest remunerated management personnel receive from business investments other than subsidiaries refers to any benefit, remuneration (including remuneration received as an employee, director, and supervisor), and professional service fee that the Company's five highest remunerated management personnel receive for serving as director, supervisor, or manager in business investments other than subsidiaries.

Note 8: Refers to the retirement pay and pension expenses provided or contributed, for NT\$716 thousand.

(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's non-independent directors, independent directors, President, and vice presidents, and their respective proportions to standalone net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.

1. Compensation paid to the Company's non-independent directors, independent directors, President, and vice presidents, and percentage relative to standalone net income, are shown below:

Title	2022				2023				Description
	Total compensation		Total as a percentage of net income (%)		Total compensation		Total as a percentage of net income (%)		
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	
Non-independent directors	11,935	12,326	-6.58	-6.79	11,004	11,014	-8.34	-8.35	The Company's net loss after tax for 2023 was NT\$131,954 thousand and the net profit after tax of NT\$181,505 thousand for 2022, respectively.
Independent Director	2,220	2,220	-1.22	-1.22	2,220	2,220	-1.68	-1.68	
President and vice presidents (Note)	17,911	18,235	-9.87	10.05	14,581	14,581	-11.05	-11.05	

Note: The Company recorded a net loss after tax for 2023, and the board of directors approved not to distribute the employees' remuneration on February 21, 2024.

2. Compensation policies, standards, packages and procedures, and association with future risks and business performance:

Remuneration policies, standards, and packages:

- (1) According to Article 15 of the Company's Articles of Incorporation, directors' remuneration shall be paid regardless of the Company making profit or loss. Article 18 of the Articles of Incorporation stipulates that no more than 5% shall be appropriated directors' remuneration of . The Company regularly evaluates the remuneration of directors pursuant to the "Rules for Performance Evaluation of Board of Directors." The relevant performance appraisal and the reasonableness of the remunerations are reviewed by the Remuneration Committee and the Board of Directors.
- (2) For the Company's managerial officers' remunerations, according to the "Regulations of Remuneration Management," it is specified various work allowances and bonuses, to show compassion, and reward employees for their hard works. Relevant bonuses are also paid depend on the Company's annual operating performance, financial status, operating status, and personal work performance. In addition, if the Company makes profits in the current year, pursuant to Article 18 of the Company's Articles of Incorporation, 5% to 15% should be appropriated as employees' remuneration. Pursuant to the "Regulations for Management of Managerial Officers' Performance,"

the Company implements the performance evaluation and the results are used as a reference for the issuance of managerial officers' bonuses. The managerial officers' performance evaluation items are divided into 1. financial indicators: based on the Company's management statement of income, allocation of contribution from each business group department to the Company's profits, while taking the achievement rate of the managerial officer's goals into account; 2. non-financial indicators: including two major aspects, namely the practice of the Company's core values and operational management capabilities, as well as participation in sustainable operations, to calculate the remuneration for the operating performance, while reviewing the remuneration system according to the actual operating conditions and relevant laws and regulations, when appropriate.

- (3) The compensation mix paid by the Company complies with the determinations of the Remuneration Committee, includes cash compensations, warrants, share-based profit sharing, retirement benefits, severance pay, allowances of all kinds, and any substantive incentives. This definition should be consistent with the scope of directors' and managers' compensation stated in "Regulations Governing Information to be Published in Annual Reports of Public Companies."

Procedure for determining remuneration:

- (1) To regularly evaluate the remunerations of directors and managerial officers, the Company's "Rules for Performance Evaluation of Board of Directors" and the "Regulations for Management of Managerial Officers' Performance" applicable to managerial officers are adopted as the basis for the evaluation, and the results are used as the reference. In addition, the chairman and president's remunerations are determined by linking to the Company's operating performance indicators, and submitted to the board of directors for approval. To fully demonstrate the achievement of the operating performance indicators, the chairman's performance measurement criteria are based on the Company's annual operating indicators related to operations, governance, and financial results. For the performance of the president, the scope of performance measurement and assessment includes: operational safety management, supervision for the implementation of financial plans, revenue management, enhancement of internal control, implementation of quality assurance and management, among other major tasks related to various performance objectives.
- (2) The relevant performance assessment and remuneration reasonableness of the Company's directors and managerial officers are regularly evaluated and reviewed by the Remuneration Committee and the board of directors every year. On top of referring to the individual's performance achievement rate and contribution to the Company, the Company's overall operating performance, the future risks and development trends of the industry are also considered, and the remuneration system depending on the actual operating conditions and relevant laws and regulations when appropriate. Moreover, upon the comprehensive considerations of the current corporate governance trends,

reasonable remuneration will be given to achieve a balance between the Company's sustainable operation and risk control. The actual amount paid for the directors' and managerial officers' remunerations of 2023 are determined by the board of directors after the deliberation of the Remuneration Committee.

Linkage to operating performance and future risk exposure.:

- (1) The review of the payment standards and systems related to the Company's remuneration policy is based on the Company's overall operating status as the main consideration, while depending on the performance achievement rate and contribution, to determine the payment standards, for improving the effectiveness of the whole organizational team of the board of directors and management departments. Meanwhile, the remuneration standard of the industry is referred to, to ensure that the Company's management' remuneration is competitive in the industry, to retain excellent management talents.
- (2) The performance goals of the Company's managerial officers are integrated with "risk control," to ensure that possible risks within the scope of duties are managed and prevented, and the results of ratings are given based on actual performance, linking all relevant human resources and related remuneration policies. The important decisions of the Company's management are made after balancing various risk factors. The performance of relevant decisions is reflected in the Company's profits, and thus the remuneration of the management is related to the performance of risk control.

II. Corporate governance

(I) Functionality of the board of directors and performance evaluation

The board of directors of the 13th Term held total 6 (A) meetings in 2023; below are directors' (including independent directors') attendance records:

Title	Name	Attendance in person (B)	Proxy attendance	In-person attendance rate (%) [B/A]	Remarks
Chairman	Chou Wen-Long	6	0	100	Note 1
Director	Liang Dian Investment Co., Ltd. Representative: Feng-Cheng Su	1	0	100	Newly appointed on December 25, 2023 (Note 2)
Director	Wei Ban Investment Corporation Representative: Li Cun-Chung	1	0	100	Newly appointed on December 25, 2023 (Note 3)
Director	Ennostar Inc. Representative: Lee Jung-Huan	6	0	100	—
Independent Director	Liu, Yin-Fei	6	0	100	—
Independent Director	Chiang, Huei-Chung	6	0	100	—
Independent Director	Hsieh, Chia-Ying	6	0	100	—

Note 1: Former Chairman Lee, Biing-Jye resigned on December 25, 2023. Current Chairman, Chou Wen-Long was elected by the Board of Directors on December 27, 2023, and will hold office until the next election.

Note 2: Director Su, Feng-Cheng (LIANGDIAN Investment) was reappointed on December 25, 2023, and predecessor, Lee, Biing-Jye, was discharged on December 25, 2023. The actual attendance rate of the five board meetings held during the chairman's tenure was 100%.

Note 3: Director Li Cun-Chung (Wei-Ban Investment) was reappointed on December 25, 2023. Former Director, Mr. Huang, Deng-Huei on December 25, 2023, was discharged. The actual attendance rate of the five board meetings held during the Chairman's tenure was also 100%.

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee, and thus the Article 14-3 is not applicable. For the description of matters under Article 14-5 of the Securities and Exchange Act, please refer to Table 1 of the Operation of the Audit Committee.

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: No objection or reservation was raised.

- II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:
- Proposal Content: Changes in company management, employee remuneration distribution, continuous service bonus for managerial elite talent, annual salary adjustments for managers, appointments of managers, and promotion cases.
- Stakeholders of this particular motion included Director Chou Wen-Long and Lee Jung-Huan, Head of Finance Chiu Mei-Ling, and Head of Accounting Li Hsiao-Ping; all of whom had recused from voting, and the motion was passed as proposed without objection from attending directors and independent directors upon inquiry by the chairperson.
- Reason of recusal: Chou Wen-Long, Lee Jung-Huan, Chiu Mei-Ling, Li Hsiao-Ping are all the Company's managerial officers.

- III. Cycle, duration, scope, method and detail of board performance self (peer) evaluation, and overall execution are explained in the following chart:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year	Performance of the board of directors between January 1, 2023 and December 31, 2023, was assessed	The entire board	Board of directors internal self-assessment	Performance assessment of the board of directors covers the five main aspects below 1. Level of participation in the Company's operations. 2. Improvement of board decision quality. 3. Composition of the board of directors. 4. Election and ongoing education of directors. 5. Internal control.
		Individual director members	Director self-assessment	Directors' individual performance assessment covers the following six main aspects 1. Comprehension of the Company's targets and missions. 2. Directors' duty awareness. 3. Level of participation in the Company's operations. 4. Management and communication of internal relations. 5. Professionalism and ongoing education of directors. 6. Internal control.
		Functional committees	Director self-assessment	Assessment of functional committee performance covers the following five main aspects 1. Level of participation in the Company's operations. 2. Awareness towards duties of the functional committee. 3. Improvements to the quality of

					decisions made by functional committees. 4. Composition of the functional committee and selection of committee members. 5. Internal control.	
IV. Enhancements to the functionality of board of directors in the current and most recent year, and progress of such enhancements: 1. In 2023 and up until the publication date of annual report, all decisions that have to be supported by the Audit Committee or resolved by the board of directors under The Company Act or Articles 14-3 and 14-5 of the Securities and Exchange Act have been agreed by the Audit Committee, submitted for board of directors' resolution, and executed accordingly. 2. The Company amended its "Rules of Procedure for Board of Directors Meetings" during the 11th meeting of the 13th board held on February 22, 2023 to conform with the amended version of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" published by the authority on August 5, 2022 3. In accordance with the revised "Corporate Governance Best-Practice Principles for Listed Companies" announced by the regulatory authority on December 23, 2022, our company has amended some articles of our "Corporate Governance Guidelines" during the 13th session, 11th meeting of the Board of Directors on February 22, 2023. 4. The Company has established the “Rules of Procedure for Board of Directors Meetings” and uploads the directors’ attendance to the board meetings at MOPS, and discloses the material resolutions on the website: 5. The ESG dedicated unit of the Company continues to promote and deepen the sustainable development of TYNTEK. The implementation progress and results are reported to the Board of Directors on a quarterly basis, and the Board of Directors provides necessary guidance.						

(II) Key Tasks and Operation of the Audit Committee:

The Audit Committee aims to assist the board of directors in supervising the quality and integrity of the Company's accounting, auditing, financial reporting, and financial control processes.

The matters to be deliberated under the Audit Committee’s power mainly include:

1. Establishment or amendment of internal control system according to Article 14-1 of the Securities and Exchange Act.
2. Evaluation over the effectiveness of internal control system.
3. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the Securities and Exchange Act.
4. Matters concerning directors' personal interests.
5. Major asset or derivative transactions.
6. Major lending, endorsement or guarantee to an external party.
7. Offering, issuance or private placement of securities with equity characteristics.
8. Appointment, dismissal, or compensation of financial statement auditors.
9. Appointment and dismissal of finance, accounting, or internal audit managers.
10. Business report, earnings appropriation or loss reimbursement proposal.
11. Other issues deemed material by the Company or the authority.

Review of financial reports

The Board of Directors prepared the Company's annual business report, consolidated financial statements, parent company only financial statements and earnings distribution proposal for 2023. The consolidated financial statements and parent company only financial statements have been audited by CPA Su-Li Fang and CPA Ming-Huei Chen of Deloitte Taiwan, and they have issued a report. The above-mentioned business reports, consolidated financial statements, individual financial statements, and profit distribution proposals have been reviewed by our Audit Committee and found to be compliant.

Assessment of effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the Company's internal control system, policy, and procedures (including control measures on financial, operational, risk management, information security, and compliance aspects), and reviews audit execution reports prepared by internal audit units on a quarterly basis. Audit Committee considers the design and execution of internal control system to be effective and is able to provide assurance with regards to the Company's business results; target accomplishment; reliability, timeliness, and transparency of reported financial information; and compliance with relevant laws.

Appointment of CPAs

The Audit Committee bears the duty to supervise the independence of the certifying accounting firm, to ensure the fairness of the financial statements. Generally, other than tax-related services and items specifically approved, the certifying accounting firm must not provide other services to the Company. To ensure the independence of the certifying accounting firm, the Company has established the evaluation form of independence by referring the Certified Public Accountants' Ethical Guideline Journal number 10 – the “integral, fair, objective and independent” to evaluate the independence, professionalism, and competence of CPAs, and if they are related parties of the Company, or in relationship of business or financial interests with the Company, and vice versa. On February 21, 2024, the 17th meeting of the Board of Directors, 13th Term deliberated and approved that the CPAs, Su-Li Fang and Chen, Ming-Hui, from Deloitte Taiwan, have conformed to the criteria of independence evaluation and competence.

Functionality of the Audit Committee

the board of directors re-elected on July 2, 2021, the term of office of the 2nd Audit Committee: July 2, 2021 to July 1, 2024, and the 2nd Committee has convened a total of 4 meetings in 2023, and the attendance of the independent directors is as follows:

Title	Name	Attendance in person (B)	Proxy attendance	In-person attendance rate (%) [B/A]	Remarks
Independent Director	Liu, Yin-Fei	4	0	100	-
Independent Director	Chiang, Huei-Chung	4	0	100	-
Independent Director	Hsieh, Chia-Ying	4	0	100	-

Other mandatory disclosures:

- I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the meeting, the contents of the motions, independent directors' objections reserved opinions or contents of their major suggestions, the Audit Committee's resolutions, and how the Company responded to the Audit Committee's opinions.
 - (I) Issues listed in Article 14-5 of the Securities and Exchange Act: All motions concerning the issues listed in Article 14-5 of the Securities and Exchange Act were passed by the Audit Committee as proposed without objection; see Chart 1 below for details.
 - (II) Other than those described above, any resolutions unsupported by the Audit Committee but passed by more than two-thirds of directors. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process: None.
- II. Disclosure regarding avoidance of interest-conflicting motions, including the names of independent directors concerned, the motions, the nature of conflicting interests, and the voting process: None.
- III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome).
 - A. Communication approaches
 1. The chief internal auditor engages independent directors in regular discussions at least once a quarter to report on the implementation of internal audit and internal control systems. Meetings may also be called on an ad-hoc basis in the occurrence of major event.
 2. The Company's annual financial reports are subject to approval by more than 50% of Audit Committee members before submitting to the board of directors for final resolution. Prior to reviewing financial reports, the Audit Committee would engage financial statement auditors in productive communication through meetings and other available channels (such as: telephone, fax, e-mail etc.).
 3. The CPAs of the Company also report and explain to the independent directors on the results of the reviewed or audited financial statements of the Company and its subsidiaries in the quarterly Audit Committee meetings.
 - B. Summary of communications
 1. Summary of communications between the independent directors and the internal audit officer

Date	Attendees	Matters communicated	Communication results
February 22, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei-Chung, independent director Hsieh, Chia-Ying, independent director	● Report on implementation of audit task for Q4, 2022 ● 2022 Statement of the Internal Control System	No dissent

May 3, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director	●Report on implementation of audit task for Q1, 2023 Amendment of part of the internal control system and internal audit implementation rules	No dissent
August 2, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director	●Report on implementation of audit task for Q2, 2023	No dissent
Video conference on October 18, 2023 (The internal audit officer reported to the independent director individually)	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director	●Report on the 2024 audit plan	No dissent
November 1, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director	●Report on implementation of audit task for Q3, 2023 ●The 2024 audit plan Amendment of part of the internal control system and internal audit implementation rules	No dissent

2. Summary of the communications between the independent directors and the CPAs

Date	Attendees	Matters communicated	Communication results
February 22, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director CPA: Su-Li Fang	●The CPAs explained the key points of the matters related to the audit of 2022 financial statements. ●The CPAs explained the applicability of the letter interpretation of the latest regulations.	The financial reports have been approved by the Audit Committee, and submitted to the board of directors for approval, and announced and reported to the competent authority as scheduled.
May 3, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director	●The CPAs explained the key points of the matters related to the review of financial statements for Q1, 2023.	The financial reports have been approved by the Audit Committee,

		Hsieh, Chia-Ying, independent director CPA: Su-Li Fang		and submitted to the board of directors for approval, and announced and reported to the competent authority as scheduled.	
	August 2, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director CPA: Su-Li Fang	•The CPAs explained the key points of the matters related to the review of financial statements for Q2, 2023.	The financial reports have been approved by the Audit Committee, and submitted to the board of directors for approval, and announced and reported to the competent authority as scheduled.	
	November 1, 2023 Audit Committee	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director CPA: Su-Li Fang	•The CPAs explained the key points of the matters related to the review of financial statements for Q3, 2023.	The financial reports have been approved by the Audit Committee, and submitted to the board of directors for approval, and announced and reported to the competent authority as scheduled.	
	November 21, 2023 Video conference	Liu, Yin-Fei, independent director Chiang, Huei- Chung, independent director Hsieh, Chia-Ying, independent director Auditing CPA Firm: Manager Tsung-Han Lee	Communication audit plan, scope, and key audit matters prior to the 2023 financial statements.	Effective communication Both parties reached a consensus.	

Note: In-person attendance rate (%) is calculated based on the number of Audit Committee meetings held and the number of in-person attendances made during active duty.

Table 1

Date	Motion	Resolution	Company's response to Audit Committee's opinions
The 9th meeting of the 2nd committee	1. 2022 "Internal Control System Effectiveness Review" and issuance of the Company's "Declaration of Internal Control System" 2. The Company's 2022 financial reports and consolidated	Passed as proposed without objection	Passed as proposed without objection

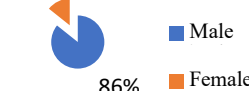
Date	Motion	Resolution	Company's response to Audit Committee's opinions
February 22, 2023	financial reports 3. The Company's 2022 business report 4. 2022 Proposal of Deficit Compensation 5. Evaluation and review of CPA's professional service fees and independence 6. Ratify the engagement in derivative trading	from attending members when inquired by the chairperson	from attending independent directors
The 10th meeting of the 2nd committee May 3, 2023	1. Amendment to the Company's internal control system and internal audit implementation rules 2. Review of the Company's 2023 1st-quarter consolidated financial report proposal 3. Lending of NT\$10 million from the Company to subsidiary - Keeper Technology Co., Ltd. 4. Ratify the engagement in derivative trading		
The 11th meeting of the 2nd committee August 2, 2023	1. Review of the Company's 2023 2nd-quarter consolidated financial report proposal 2. Formulation of the Company's "Regulations Governing the Review of Pre-approved Non-assurance Service Policy" 3. Ratify the engagement in derivative trading		
The 12th meeting of the 2nd committee November 1, 2023	1. Establishment of the Company's 2024 internal audit plan 2. Amendments to the internal control system 3. Amendments to the Internal Audit Implementation Rules 4. Review of the Company's 2023 3rd-quarter consolidated financial report proposal 5. Ratify the engagement in derivative trading		
The 13th meeting of the 2nd committee February 21, 2023	1. 2023 "Internal Control System Effectiveness Review" and issuance of the Company's "Declaration of Internal Control System" 2. Amendments to the internal control system 3. Amendments to the Internal Audit Implementation Rules 4. The Company's 2023 financial reports and consolidated financial reports 5. The Company's 2023 business report 6. The 2023 Statement Of Earnings Distribution. 7. Evaluation and review of CPA's professional service fees and independence 8. Amendments to the "Procedures for Acquisition and Disposal of Assets"		

(III) Corporate Governance Status, Deviation with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated the Corporate Governance Best Practice Principles, and the Company has always respected the rights of shareholders, disclosed major Company information, regularly disclosed financial information as required by relevant regulations, and strengthened the functions of the Board of Directors to promote the operation of corporate governance. Please refer to the Company's website "Investors Section" or "Corporate Governance Section" of MOPS.	No material deviation is found.
II. Shareholding structure and shareholders' interests			II. Shareholding structure and shareholders' interests	
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	✓		(I) To ensure the interests of shareholders, the Company has established the Shareholder/Investor Section as a communication channel, and appointed the spokesperson, the VP of Financial Department to handle all shareholder suggestions, doubts and disputes.	No material deviation is found.
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(II) The related matters of the Company are handled by the VP of Financial Department serving as the spokesperson, and Fubon Securities' stock affairs agency department, and the stock affairs agency regularly reports the changes in the equity of directors and managerial officers.	No material deviation is found.
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(III) The Company has established the specific financial operations procedures writing pursuant to the "Operational Procedures of Transaction among the Group Entities, Certain Companies and Related Parties" to regulate business relations with affiliates, and has also established the "Operational Procedures for Monitoring Subsidiaries" to implement the Company's risk control mechanism	No material deviation is found.

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		and measures specific to the subsidiaries, and approved by the Board of Directors. (IV) The Company has established the “Code of Conducts” and the “Managerial Operational Procedures for Handling Internal Material Information and Preventing Insider Trading” to prevent insider trading, avoid improper information leakage, protect investors and safeguard the interests of the Company.	No material deviation is found.
III. Composition and responsibilities of the board of directors (I) Has the Board of Directors formulated and implemented a diversity policy regarding the composition of its members, with concrete management targets, and implement such?	✓		III. Composition and responsibilities of the board of directors (I) <u>Board diversity policy:</u> 1.1 The abilities to be possessed by the board of directors as a whole set forth in Article 20 of the Corporate Governance Best Practice Principles. 1.2 The Board of Directors shall be structured based on the Company’s scale of operations and development and major shareholders' shareholdings. There shall be five directors or more on the Board depending on the Company's practical operational needs. 1.3 Board members shall be diversified in a manner that supports the Company's operations, business activities, and growth requirements, provided that the number of directors who concurrently hold managerial positions do not exceed one-third of the board. An appropriate diversity policy shall be devised based on its own operations, business model, and development needs, which is advised to include but not limited to the following two principles: 1.3.1 Background and value: Gender, age, nationality, culture.	No material deviation is found.

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary									
			1.3.2 Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience. 1.4 For optimal corporate governance, the board of directors as a whole shall possess the following key abilities: operational judgment ability, accounting and financial analysis ability, business administration ability, crisis management ability, industry knowledge, global market vision, leadership ability, and decision-making. <u>Management, goals, and implementation of diversity policy:</u> Management, goals, and implementation of diversity policy of the Board of the Company: <table> <tr> <th>Management goal</th> <th>Term of office</th> </tr> <tr> <td>Different Genders: over 1/3 of the seats are female</td> <td>Target not achieved</td> </tr> <tr> <td>With employee status, no more than 1/3 of the Board shall be held</td> <td>Goal achieved</td> </tr> <tr> <td>More than 1/3 of the Board are independent directors</td> <td>Goal achieved</td> </tr> </table> According to the above figures, the diversity of the board of directors of the Company has not reached 1/3 of the board members with different gender (14.3%), and there is still room for improvement; while those with employee status account for 28.6%. Still in line with the target, with independent directors accounting for 3 seats (42.86%), and more than 1/3 of the independent directors have achieved the target. 1.5 The composition of the Board of Directors (4 ordinary directors and 3 independent directors) is shown in the figure below:	Management goal	Term of office	Different Genders: over 1/3 of the seats are female	Target not achieved	With employee status, no more than 1/3 of the Board shall be held	Goal achieved	More than 1/3 of the Board are independent directors	Goal achieved	
Management goal	Term of office											
Different Genders: over 1/3 of the seats are female	Target not achieved											
With employee status, no more than 1/3 of the Board shall be held	Goal achieved											
More than 1/3 of the Board are independent directors	Goal achieved											

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																		
	Yes	No	Summary																			
			COUNT  independent director3 Director 4 people Gender  14% 86% Male Female 1.6 The board of directors consists of seven members, all with strong professional capabilities and operational experience relevant to industry management (listed below) <table><tr><th>Various abilities</th><th>Summary of Directors' who are Professionals in the Field of Expertise</th><th>Count</th></tr><tr><td>Accounting and Information Technology</td><td>Li O-Chung, Liu O-Fei, Chiang O-Chung, Hsieh O-Ying</td><td>4</td></tr><tr><td>Risk management</td><td>Chou o Long, Su o Cheng, Li o Huan, Liu o Fei, Chiang o Chung, Hsieh o Ying</td><td>6</td></tr><tr><td>International marketing</td><td>Chou o Long, Su o Cheng, Li O Huan, Li o Zhong, Jiang o Zhong</td><td>5</td></tr><tr><td>Industry experience</td><td>Chou o Long, Su o Cheng, Li o Chung, Li o Huan, Chiang o Chung, Hsieh o Ying</td><td>6</td></tr><tr><td>Operational leadership</td><td>Chou o Long, Su o Cheng, Li O Huan, Li o Zhong, Jiang o Zhong</td><td>5</td></tr></table> 1.7 Indicated in the diagram below:	Various abilities	Summary of Directors' who are Professionals in the Field of Expertise	Count	Accounting and Information Technology	Li O-Chung, Liu O-Fei, Chiang O-Chung, Hsieh O-Ying	4	Risk management	Chou o Long, Su o Cheng, Li o Huan, Liu o Fei, Chiang o Chung, Hsieh o Ying	6	International marketing	Chou o Long, Su o Cheng, Li O Huan, Li o Zhong, Jiang o Zhong	5	Industry experience	Chou o Long, Su o Cheng, Li o Chung, Li o Huan, Chiang o Chung, Hsieh o Ying	6	Operational leadership	Chou o Long, Su o Cheng, Li O Huan, Li o Zhong, Jiang o Zhong	5	No material deviation is found.
Various abilities	Summary of Directors' who are Professionals in the Field of Expertise	Count																				
Accounting and Information Technology	Li O-Chung, Liu O-Fei, Chiang O-Chung, Hsieh O-Ying	4																				
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Industry experience	Chou o Long, Su o Cheng, Li o Chung, Li o Huan, Chiang o Chung, Hsieh o Ying	6																				
Operational leadership	Chou o Long, Su o Cheng, Li O Huan, Li o Zhong, Jiang o Zhong	5																				

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary													
			Field of expertise <table><thead><tr><th>Field of expertise</th><th>Percentage</th></tr></thead><tbody><tr><td>Accounting and Information Technology</td><td>57%</td></tr><tr><td>Risk management</td><td>71%</td></tr><tr><td>International marketing</td><td>88%</td></tr><tr><td>Industry experience</td><td>88%</td></tr><tr><td>Operational leadership</td><td>71%</td></tr></tbody></table> Number of people 0 1 2 3 4 5 6 7	Field of expertise	Percentage	Accounting and Information Technology	57%	Risk management	71%	International marketing	88%	Industry experience	88%	Operational leadership	71%	
Field of expertise	Percentage															
Accounting and Information Technology	57%															
Risk management	71%															
International marketing	88%															
Industry experience	88%															
Operational leadership	71%															
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		(II) The Company has assembled a Remuneration Committee according to regulations since December 6, 2011. The Remuneration Committee comprises 3 members and convenes meetings on a regular basis. During the election held in 2018, the Company assembled its Audit Committee consisting entirely of the 3 independent directors, and will assemble other functional committees as needed by laws or practical requirements in the future.	No material deviation is found.												
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration, and nomination	✓		(III) The company has established a method for evaluating the performance of the Board of Directors, which was approved by the Board in 2021. The evaluation, based on the company's condition and needs, is to be conducted every three years by an external professional independent institution or a team of external experts and scholars. Whether internal or external, the evaluation should be completed before the first quarter of the following year and reported to the Board of Directors. The implementation is summarized as follows: 1 Self-evaluation targets: the board of directors and directors, as well as functional committees in 2023	No material deviation is found.												

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary													
decisions?			2 Evaluation period is from January 1 to December 31 of the evaluation year (2023) 3 Evaluator: Chairman, Chou Wen-Long; Independent Directors, Liu, Yin-Fei; Jiang, Hui-Chung, Hsieh, Chia-Ying; Directors; Lee Jung-Huan, Lee, Biing-Jye, Huang Deng-Huei, (Explanation: New directors Su, Feng-Cheng and Li Cun-Chung joined the company's board on December 25, 2023, and will therefore be re-evaluated as evaluators in 2024.) 4 The evaluation period is from January 1, 2023 to December 31, 2023 (Note: Lee, Biing-Jye and Huang, Deng-Huei have tenure until December 25, 2023 from January 1, 2023). 5 Self-evaluation statistics: 5.1 Board performance evaluation: self-evaluation questionnaire results<table><tr><td>Measurement items for board performance evaluation</td><td>Average scores of item</td></tr><tr><td>A. Level of participation in the Company's operations.</td><td>5</td></tr><tr><td>B. Improvement of board decision quality.</td><td>5</td></tr><tr><td>C. Composition of the board of directors.</td><td>5</td></tr><tr><td>D. Election and ongoing education of directors.</td><td>5</td></tr><tr><td>E. Internal control.</td><td>5</td></tr></table> The above questionnaire has 45 questions in total, and the average score for each item is 5, the positive opinion of [Excellent (Mostly Agreed)]	Measurement items for board performance evaluation	Average scores of item	A. Level of participation in the Company's operations.	5	B. Improvement of board decision quality.	5	C. Composition of the board of directors.	5	D. Election and ongoing education of directors.	5	E. Internal control.	5	
Measurement items for board performance evaluation	Average scores of item															
A. Level of participation in the Company's operations.	5															
B. Improvement of board decision quality.	5															
C. Composition of the board of directors.	5															
D. Election and ongoing education of directors.	5															
E. Internal control.	5															

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																		
	Yes	No	Summary																			
			5.2 Board member performance evaluation: self-evaluation questionnaire results <table> <tr> <th>Measurement items of board member’s self-assessment</th> <th>Average scors of item</th> </tr> <tr> <td>A. Comprehension of the Company's targets and missions.</td> <td>5</td> </tr> <tr> <td>B. Directors' duty awareness.</td> <td>5</td> </tr> <tr> <td>C. Level of participation in the Company's operations.</td> <td>5</td> </tr> <tr> <td>D. Management and communication of internal relations.</td> <td>5</td> </tr> <tr> <td>E. Professionalism and ongoing education of directors.</td> <td>5</td> </tr> <tr> <td>F. Internal control.</td> <td>5</td> </tr> </table> The self-evaluation questionnaire for the board members include total 23 questions, and the average score for each item is 5, with the positive opinion of [Excellent (Mostly Agreed)]. The comprehensive comment is the positive evaluation that the board members are professional and rigorous. 5.3 Functional committee performance evaluation: self-evaluation questionnaire results <table> <tr> <th>Measurement items of board member’s self-assessment</th> <th>Average scors of item</th> </tr> <tr> <td>A. Level of participation in the Company's operations.</td> <td>5</td> </tr> </table>	Measurement items of board member’s self-assessment	Average scors of item	A. Comprehension of the Company's targets and missions.	5	B. Directors' duty awareness.	5	C. Level of participation in the Company's operations.	5	D. Management and communication of internal relations.	5	E. Professionalism and ongoing education of directors.	5	F. Internal control.	5	Measurement items of board member’s self-assessment	Average scors of item	A. Level of participation in the Company's operations.	5	
Measurement items of board member’s self-assessment	Average scors of item																					
A. Comprehension of the Company's targets and missions.	5																					
B. Directors' duty awareness.	5																					
C. Level of participation in the Company's operations.	5																					
D. Management and communication of internal relations.	5																					
E. Professionalism and ongoing education of directors.	5																					
F. Internal control.	5																					
Measurement items of board member’s self-assessment	Average scors of item																					
A. Level of participation in the Company's operations.	5																					

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																						
	Yes	No	Summary																							
			<table><tr><td>B. Awareness towards duties of the functional committee.</td><td>5</td></tr><tr><td>C. Improvements to the quality of decisions made by functional committees.</td><td>5</td></tr><tr><td>D. Composition of the functional committee and selection of committee members.</td><td>5</td></tr><tr><td>E. Internal control.</td><td>5</td></tr></table> There are total 24 questions in the above self-evaluation questionnaire for functional committees, with an average score of 5, the positive opinion of [Excellent (Mostly Agreed)] 5.3.1 Remuneration Committee performance evaluation: self-evaluation questionnaire results <table><tr><td>Measurement items of Remuneration Committee member’s self-assessment</td><td>Average scors of item</td></tr><tr><td>A. Level of participation in the Company's operations.</td><td>5</td></tr><tr><td>B. Awareness towards duties of the Remuneration Committee</td><td>5</td></tr><tr><td>C. Improvement of decision quality of the Remuneration Committee.</td><td>5</td></tr><tr><td>D. Composition of the Remuneration Committee and election of its members</td><td>5</td></tr><tr><td>E. Internal control.</td><td>5</td></tr><tr><td>F. Other Suggestions and Supplements</td><td>None</td></tr></table> There are total 20 questions in the above self-evaluation questionnaire for the Remuneration committee, with an average score of 5, the positive opinion of	B. Awareness towards duties of the functional committee.	5	C. Improvements to the quality of decisions made by functional committees.	5	D. Composition of the functional committee and selection of committee members.	5	E. Internal control.	5	Measurement items of Remuneration Committee member’s self-assessment	Average scors of item	A. Level of participation in the Company's operations.	5	B. Awareness towards duties of the Remuneration Committee	5	C. Improvement of decision quality of the Remuneration Committee.	5	D. Composition of the Remuneration Committee and election of its members	5	E. Internal control.	5	F. Other Suggestions and Supplements	None	
B. Awareness towards duties of the functional committee.	5																									
C. Improvements to the quality of decisions made by functional committees.	5																									
D. Composition of the functional committee and selection of committee members.	5																									
E. Internal control.	5																									
Measurement items of Remuneration Committee member’s self-assessment	Average scors of item																									
A. Level of participation in the Company's operations.	5																									
B. Awareness towards duties of the Remuneration Committee	5																									
C. Improvement of decision quality of the Remuneration Committee.	5																									
D. Composition of the Remuneration Committee and election of its members	5																									
E. Internal control.	5																									
F. Other Suggestions and Supplements	None																									

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies														
	Yes	No	Summary															
			[Excellent (Mostly Agreed)] 5.3.2 Audit Committee performance evaluation: self-evaluation questionnaire results <table><tr><td>Measurement items of Audit Committee member’s self-assessment</td><td>Average scores of item</td></tr><tr><td>A. Level of participation in the Company's operations.</td><td>5</td></tr><tr><td>B. Awareness towards duties of the Audit committee.</td><td>5</td></tr><tr><td>B. Improvement of decision quality of the Audit Committee</td><td>5</td></tr><tr><td>D. Composition of the Audit Committee and selection of committee members.</td><td>5</td></tr><tr><td>E. Internal control.</td><td>5</td></tr><tr><td>F. Other Suggestions and Supplements</td><td>None</td></tr></table> There are total 22 questions in the above self-evaluation questionnaire for the Remuneration committee, with an average score of 5, the positive opinion of [Excellent (Mostly Agreed)] 6 Self performance assessments of the board of directors, functional committees, and individual directors all concluded with an Excellent rating in 2023. Outcome of the assessment was reported during the board of directors meeting held on February 21, 2024. Which also serve as the key reference for selecting nominating directors, and determining their remunerations.	Measurement items of Audit Committee member’s self-assessment	Average scores of item	A. Level of participation in the Company's operations.	5	B. Awareness towards duties of the Audit committee.	5	B. Improvement of decision quality of the Audit Committee	5	D. Composition of the Audit Committee and selection of committee members.	5	E. Internal control.	5	F. Other Suggestions and Supplements	None	
Measurement items of Audit Committee member’s self-assessment	Average scores of item																	
A. Level of participation in the Company's operations.	5																	
B. Awareness towards duties of the Audit committee.	5																	
B. Improvement of decision quality of the Audit Committee	5																	
D. Composition of the Audit Committee and selection of committee members.	5																	
E. Internal control.	5																	
F. Other Suggestions and Supplements	None																	
(IV) Are external auditors' independence	✓		(IV) The Company's CPAs belongs to one of the four major international accounting firms, and these who have directly or indirectly conflict of interests are avoided,	No material														

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
assessed on a regular basis?			to fully adhere respect the spirit of justice, rigor, honesty and independence. 1 The finance unit evaluates the independence of CPAs every year, obtains the independence statement from the CPAs complying with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10, "Integrity, Objectivity and Independence," and the Audit Quality Indicators (AQIs); the Audit Committee also refers to 13 AQIs to review the CPAs' independence, professionalism, and competence evaluation of CPAs. The evaluation results demonstrated all compliance with the independence criteria; the evaluation items have the following results: (1) No mutual relationship with the Company, no direct or significant indirect financial interest relationship with each other (2) No financing and guarantee activities with the Company (3) No close business relationship or employment relationship with the Company (4) Family members and close relatives of the CPAs and audit team members do not serve as directors, managerial officers of the Company, or positions with direct and significant influence on the audit tasks (5) Not receiving gifts of significant value from the Company (6) No non-audit services provided to the Company 2 By referring to the AQI information, it is understood that the audit input and training hours of CPAs and the accounting firm are superior to the average level of the industry. For the innovation capabilities, in the last three years, the audit innovation tools have been introduced and audit support center has been	deviation is found.

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			expanded, to improve and ensure the audit quality. 3 For the same CPA not to perform the certification service for more than consecutive seven years, and to adapt to the needs of the internal rotation of Deloitte Taiwan, from the first quarter of 2022, the certification CPAs, Cheng-Chih Lin and Su-Li Fang, were replaced by Su-Li Fang and Chen, Ming-Hui. 4 The latest evaluation of the independence of the attesting CPAs was discussed and approved by the Audit Committee on February 21, 2024, and submitted to the board of directors on February 21, 2024 for the resolution of approval.	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		The Company has established the concurrent unit for corporate governance in charge of the corporate governance affairs; and on May 12, 2021, the board of directors approved to appoint the corporate governance officer to the CFO, Chiu Mei-Ling. Her major duties include: handling matters relating to board meetings and shareholders meetings according to laws; producing minutes of board meetings and shareholders meetings; assisting in onboarding and continuous development of directors; furnishing information required for business execution by directors and supervisors; assisting directors with legal compliance; reporting to the board of directors whether the independent directors have been qualified as regulations require when being nominated, elected, and during the terms of office; as well as other matters set out in the articles of incorporation or contracts. Additionally, other responsible units execute the corporate governance related business pursuant to related laws. The operation is normal, and compliant with laws and the Company's regulations.	No material deviation is found.

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company maintains open communication channel with counterparty banks and other creditors, shareholders, employees, customers, and suppliers, and respects their rightful interests. The Company has created a stakeholders section on its website since October 2015 to help suppliers comply with environmental, safety, and health requirements of relevant laws and policies throughout the procurement process. Customers are able to communicate issues of concern and submit annual satisfaction surveys through customer service mailbox and sales representatives. Other stakeholders such as shareholders, banks, local profit-seeking organizations, and government institutions are able to obtain financial information and major announcements from the Company through the corporate website, Market Observation Post System, and industry news reports. http://www.tyntek.com.tw/responsibility.php	No material deviation is found.
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	✓		The Company has engaged the Share Transfer Department of Fubon Securities Co., Ltd., which carries out share transfer services in accordance with laws and the internal control system.	No material deviation is found.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		VII. Information disclosure (I) The Company has assigned dedicated personnel to maintain and update its website, where financial and corporate governance information is published and made accessible to shareholders and the general public. The Company has set up its own website (http://www.tyntek.com.tw).	No material deviation is found.
(II) Has the Company adopted other	✓		(II) The Company has assigned dedicated personnel to gather and disclose	No material

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?			information relating to the Company, and has implemented a spokesperson system to make sure that any information capable of influencing shareholders' and stakeholders' decisions is disclosed in a timely and adequate manner. The Company holds or is invited to investor seminars on a yearly basis. All information concerning investor seminars is placed on the corporate website.	deviation is found.
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	✓		(III) The Company announces and reports the annual consolidated and parent-only financial reports within two months from the end of each year, and the quarterly financial reports earlier than the deadline; it also makes monthly announcements on sales revenues, derivative transactions, external party lending/endorsement/guarantee, major transactions with related parties, and financial as well as operation-related information in a timely manner.	No material deviation is found.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee welfare, investor relations, supplier relations,	✓		1 The Company's management values the interests of employees. In addition to the establishment of the Employee Welfare Committee, various activities are held regularly, and employees are encouraged to participate in various trainings, with regular health checks arranged. For details, please refer to the annual report "Labor Relations." Regarding the investor relations, supplier relations, and the rights of stakeholders, the implementation are handled pursuant to the Company's internal control and management procedures, and the Company	No significant deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?			fulfills the corporate social responsibility pursuant to laws and regulations. 2 The Company honestly disclosed the Company's information as required by laws, to protect the basic interests of investors and fulfill the company's responsibilities to shareholders. 3 The Company does not mandatorily require directors and independent directors to take courses of professional knowledge. However, directors and independent directors actively participated in relevant courses organized by institutions every year. Please refer to Item 3, (VIII) Other information material to the understanding of corporate governance within the Company. 4 The implementation of risk management policies and risk measurement standards adopts hierarchical responsibility, and will be reported to the Board of Directors any time in case of special circumstances. 5 The communication channels between the Company and customers and suppliers are smooth with nice interactions. 6 Our company's directors and independent directors adhere to principles of integrity in management to avoid non-business errors that could cause significant damage to the company and its shareholders. Directors and independent directors have been provided with liability insurance, and a report was presented at the 13th session, 17th meeting of the Board of Directors on February 21st of 2024.	
IX. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved 1. The Company expects to obtain the ISO27001 information security management system certification in 2024. 2. The Company has disclosed the specific management objectives and implementation of the diversity policy of the Board of Directors on the Company's website and annual report.				

Assess criteria	Operation			(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
3.			The Company has implemented the internal performance evaluation of the Audit Committee and the Remuneration Committee, and has completed the disclosure of the evaluation results of individual committees.	
4.			The Company has announced that it will hold a regular shareholders' meeting on May 30, 2024, before the end of May, and expects to upload the English version of the meeting notice 30 days prior to the meeting.	
5.			The Company has set up a dedicated unit to promote the sustainable development, conduct risk assessments on environmental, social or governance issues related to Company's operations based on the principle of materiality, to formulate relevant risk management policies or strategies, and issued the sustainability report pursuant to the GRI standards issued by Global Reporting Initiative (GRI) with the third-party verification for the first time in 2023, to upload such to the MOPS and the Company's website.	
6.			The Company has referred to the International Bill of Human Rights, to formulate policies to protect human rights and specific management program, and disclose such on the Company's website.	
7.			In the future, the Company will set up functional committees other than the statutory ones depending on laws or practical needs.	
8.			In the future, the Company will formulate succession plans for board members and important management based on needs, and disclose their operations on the Company's website or in annual reports.	

(IV) Composition, responsibilities, and functionality of the Remuneration Committee:

The Company first assembled its Remuneration Committee on December 6, 2011 according to Paragraph 1, Article 14-6 of the Securities and Exchange Act as a means to enforce corporate governance and support board functions. Service of the 5th committee began June 2, 2021 and ends July 1, 2024; the Committee has convened a total of 13 meetings up until the publication date of annual report.

The Remuneration Committee Charter can be found on Market Observation Post System, under Corporate Governance section.

Information of Remuneration Committee members

Designation	Criteria	Professional qualifications and experience	Independence status	Number of positions as Remuneration Committee member in other public companies
Independent Director Convener	Chiang, Huei-Chung	Pleaser refer to Three. Corporate Governance Report in the annual report. I. Organization (II) Information of Independent Director		2
Independent Director	Liu, Yin-Fei			2
Independent Director	Hsieh, Chia-Ying			1

Functionality of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. Term of Office for the 5th Remuneration Committee: July 2, 2021 to July 1, 2024; the 4th Committee has convened a total of 4 (A) meetings in 2023, and the attendance of the members is as follows:

Title	Name	No. of in-person attendance (B)	Proxy attendance	Percentage of in-person attendance (%) (B / A)	Remarks
Convener	Chiang, Huei-Chung	4	0	100 %	-
Committee member	Liu, Yin-Fei	4	0	100 %	-
Committee member	Hsieh, Chia-Ying	4	0	100 %	-

Other mandatory disclosures:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
- II. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please state the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.

III. Discussions and resolutions of the Remuneration Committee in 2023:			
Remuneration Committee	Motion	Resolution	Company's response to Remuneration Committee's opinions
9th meeting, 5th Term February 22, 2023	1. Review of the proposal for the change of the Company's managerial officers.	Passed as proposed without objection from attending members when inquired by the chairperson.	Passed as proposed without objection from attending directors.
10th meeting, 5th Term May 3, 2023	1. Review of the Company's 2021 second allocation of employee remuneration for managers. 2. Review on the ratification of the continuous service bonus for the Company's managerial talents.	Passed as proposed without objection from attending members when inquired by the chairperson.	Passed as proposed without objection from attending directors.
11th meeting, 5th Term November 1, 2023	1. Review the ratification of the 2023 managerial officers' salary adjustment of the Company. 2. Review the continuous service bonus case for the managerial elite talent in 2023 (retroactively recognizing the salary increase amount for 2023).	Passed as proposed without objection from attending members when inquired by the chairperson.	Passed as proposed without objection from attending directors.
12th meeting, 5th Term December 20, 2023	1. Review of the Company's 2023 director and manager performance assessment results. 2. Review of the payment of 2023 year-end bonus for the Company's managerial officers 3. Review of the Company's 2021 third allocation of employee remuneration for managers. 4. Review of the proposal for the promotion of the Company's managerial officers. 5. Review of the proposal for the appointment of the Company's managerial officers. 6. Review the 2024 budget for remunerations.	Passed as proposed without objection from attending members when inquired by the chairperson.	Passed as proposed without objection from attending directors.

IV. Duties of the Remuneration Committee:

The Committee shall exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors. However, issues concerning directors' compensation are to be resolved by the board of directors according to Article 15 of the Articles of Incorporation.

1. Regular review of the Charter and offering of amendment recommendations.
2. Establishment and regular review of annual and long-term performance targets for directors and managers of the Company, as well as their salary/compensation policy, system, standard, and structure.
3. Regular assessment on the accomplishment of performance targets by the Company's directors and managers, and to determine details and amounts of individual compensation.

The Committee shall abide by the following principles when performing duties mentioned in the preceding paragraph:

1. Ensure that the Company's compensation arrangements comply with all relevant laws and are capable of attracting top talents.
2. Directors' and managers' performance shall be evaluated and compensated in comparison to industry peers after taking into consideration a number of factors including the time committed by each individual, the responsibilities borne, accomplishment of individual targets, performance in other job roles, level of compensation the Company had paid for roles of equivalent grade in recent years, accomplishment of the Company's short-term and long-term targets, the Company's financial position, effect of individual performance on corporate performance, and association with future risks.
3. The compensation should not entice directors and managers into seeking high returns by acting outside the Company's risk appetite.
4. Short-term performance incentives to directors and senior executives and the timing of variable salary payments/compensations shall be set according to industry characteristics and the Company's business nature.
5. Committee members can not discuss or vote on their own salary/compensation packages.

The term "compensation" mentioned in the two paragraphs above includes cash compensations, warrants, share-based profit sharing, retirement benefits, severance pay, allowances of all kinds, and any substantive incentives. This definition should be consistent with the scope of directors' and managers' compensation stated in "Regulations Governing Information to be Published in Annual Reports of Public Companies."

In the event that salary/compensation to a subsidiary's directors and managers is subject to the subsidiary's approval and resolution by the Company's board of directors, the compensation proposal will have to be recommended by the Committee first and then presented to the board of directors for discussion.

(V) Promotion of sustainable development, and variance from the Sustainable Development Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance:

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the company establish an exclusively (or concurrently) dedicated unit to promote sustainable development have executives appointed by the board of directors to handle the promotion under the board of directors' supervision?	✓		I. 1 To practice corporate social responsibility, align with international trends, and actively respond to the environmental (E), social (S), and governance (G) issues concerned by stakeholders, our company has implemented risk assessments and formulated response strategies for each aspect of ESG. To ensure the implementation of ESG-related systems or management guidelines, our company established the "Sustainability Development Committee" (ESG Committee) in July 2022, organized and operated in accordance with the "ESG Committee Organizational Regulations." The ESG Committee is composed of cross-departmental personnel. It is the responsible unit for promoting the sustainable development of the Company. The board of directors appoints the president as the chair of the Committee, responsible for supervising the operation of the Committee, and regularly reports to the board of directors on the promotion and implementation performance of sustainable development. 2 The ESG Committee is chaired by the president. Based on the three aspects of environment, society and governance, the chair appoints a competent officer to serve as a member and executive secretary. Since ESG involves a wide range of issues, the Committee may set up task forces depending on the annual goals and topics, or appoint personnel from relevant units as executives, to ensure the promotion and implementation of tasks related to the corporate sustainable	No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			development. In 2023, the ESG Committee convened 10 meetings with an average attendance rate of 97.22%. The agenda items and proposals included: (1) revision of the organizational regulations for the Sustainability Committee; (2) formulation of the Sustainability Report preparation and verification procedures and related promotion initiatives; (3) establishment of Sustainability Development Practice Codes; (4) identification of sustainability issues requiring attention and formulation of corresponding action plans; (5) revision of goals and policies related to sustainability issues; (6) review of the implementation of sustainable management matters and evaluation of execution status. 3 The ESG Committee reports quarterly to the Board of Directors on the implementation results of sustainable development, work plans, and related issues and response measures. In 2023, the committee participated in four Board meetings, reporting on the operation of the ESG Committee, planning and execution of work items, the ESG sustainability report, greenhouse gas inventory, and verification among other matters. The company's board of directors regularly listens to reports from the management team. The management is required to propose company strategies to the board, which must assess the likelihood of success of these strategies, supervise and guide the progress and implementation of company strategies, and urge the management team to make adjustments when necessary.	
II. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company	✓		II. 1 This disclosure covers data from January 1, 2023 to December 31, 2023 of the Economic Performance Statistics sourced from the	No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
operation, and establish risk management related policy or strategy			consolidated financial statements of TYNTEK Corporation for 2023. The disclosure boundary includes the company and the entities controlled by the company (subsidiaries). In terms of environmental and social information, the Kezhong and Renai plants of the Group are the scope of disclosure. 2 The Company monitors the development of standards related to sustainable development and changes in the corporate environment domestically and internationally, to review and improve the Company's established sustainable development system; meanwhile, pursuant to the principle of materiality, the Company conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations. For material risk events, specific response strategies are developed to reduce the impact of related risks. For a detailed report on risk issues (including environmental, social and corporate governance issues) and corresponding strategies, please visit: ● Note 1: Material sustainability management topics and risk management strategies and measures for the year ended December 31, 2023 ● The Company's website: Corporate Sustainability - Sustainable Governance https://www.tyntek.com.tw/sustainability.php ● Company website: Corporate Sustainability - Sustainability Report https://www.tyntek.com.tw/sustainability.php Sustainability Report: Sustainability Strategy and Vision -	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance																								
	Yes	No	Summary																									
			Identification and Analysis of Material Topics Sustainability Report: Chapter 2 Corporate Governance - Risk Management																									
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	✓		III. Environmental issues (I) The Company has obtained certification for international quality standards (ISO9001, IATF16949), environmental management system (ISO14001), occupational safety and health systems ISO45001, IECQ QC 080000:2017, and SONY Green. It implements practices strictly in accordance with the abovementioned quality and environmental management systems to comply with the international regulations and customers' requirement. <table><tr><td>Name of certification</td><td>Date acquired (year/month/day)</td><td>Expiry (year/month/day)</td></tr><tr><td>ISO9001 : 2015</td><td>2023/10/17</td><td>2026/10/16</td></tr><tr><td>IATF 16949 : 2016</td><td>2023/10/17</td><td>2026/10/16</td></tr><tr><td>QC080000</td><td>2022/07/26</td><td>2025/07/25</td></tr><tr><td>SONY Green</td><td>2021/10/25</td><td>2024/9/30</td></tr><tr><td>ISO14001:2015</td><td>2023/1/6</td><td>2026/1/6</td></tr><tr><td>ISO45001:2018</td><td>2022/12/15</td><td>2025/12/14</td></tr><tr><td>CNS45001:2018</td><td>2022/12/15</td><td>2025/12/14</td></tr></table>	Name of certification	Date acquired (year/month/day)	Expiry (year/month/day)	ISO9001 : 2015	2023/10/17	2026/10/16	IATF 16949 : 2016	2023/10/17	2026/10/16	QC080000	2022/07/26	2025/07/25	SONY Green	2021/10/25	2024/9/30	ISO14001:2015	2023/1/6	2026/1/6	ISO45001:2018	2022/12/15	2025/12/14	CNS45001:2018	2022/12/15	2025/12/14	No material deviation is found.
Name of certification	Date acquired (year/month/day)	Expiry (year/month/day)																										
ISO9001 : 2015	2023/10/17	2026/10/16																										
IATF 16949 : 2016	2023/10/17	2026/10/16																										
QC080000	2022/07/26	2025/07/25																										
SONY Green	2021/10/25	2024/9/30																										
ISO14001:2015	2023/1/6	2026/1/6																										
ISO45001:2018	2022/12/15	2025/12/14																										
CNS45001:2018	2022/12/15	2025/12/14																										
(II) Does the Company dedicate in promoting energy utilization efficiency, and use renewable materials that have low impact to the environment.	✓		(II) The Company enforces waste reduction, waste sorting, waste recycling, and solar energy collection policies as means to increase resource utilization and mitigate environmental impacts, and thereby preserve Earth's resources.	No material deviation is found.																								

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			In 2023, our energy-saving and carbon reduction projects included replacing old energy-consuming cooling towers, retrofitting mechanical equipment with variable frequency drives such as vacuum pumps and air compressors, installing energy-saving air compressor condensate drains, and continuing to replace facility lighting with LED energy-saving fixtures. Through optimized energy control, these initiatives saved approximately 745,000 kWh of electricity, equivalent to reducing 368.7 tons of CO₂e emissions in Scope 2. To ensure that all products of the company do not pose concerns regarding user health and environmental safety, and to meet customer requirements and comply with international regulations and trends on controlled substances, our company has established a hazardous substances management policy and standards since 2008. We have integrated various management systems, providing necessary resources for the required processes and objectives. Each month, applicable regulations are identified, and product compliance is reviewed before the formal announcement of regulations, which are then incorporated into our standards management upon official release. Annually, we assess the effectiveness of compliance with regulations related to hazardous substances and customer requirements for Hazardous Substance Free (HSF) from product development, manufacturing, production, storage, shipment, to raw material suppliers, ensuring that our products meet both regulatory and customer requirements for banned and restricted use of environmentally hazardous substances.	
(III) Does the Company assess potential risks and opportunities associated with climate change, and	✓		(III) 1 The Company's "Sustainable Development Committee" (ESG	No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
undertake measures in response to climate issues?			Committee) is the highest body for climate change management. Chaired by the President, it reviews the Company's climate change strategies and goals, manages climate change risks and opportunities, and reviews the implementation and discusses future plans. The ESG Committee reports quarterly to the Board of Directors on the results of the implementation of sustainable development, the work plan, and the related issues and countermeasures, including climate change related issues, and the identification of short-, medium-, and long-term goals. 2 In order to cope with the business risks brought by climate change to the industry, the ESG Committee of the company is responsible for calling on the relevant units to identify potential climate change risks and opportunities, with reference to the "Task Force on Climate-related Financial Disclosures (TCFD)" framework, and through the four core elements, including "Governance," "Strategy," "Risk Management," and "Indicators and Targets" to identify potential climate change risks and opportunities posed to the company, address the impacts and influences of climate change on TYNTEK's operations, and formulate relevant strategies and measures in advance to prevent the risks and damages caused by climate change. 3 The Company takes the potential impacts of climate change into account in its overall operations, assesses the probability of risks and the extent of their impacts, identifies physical and transition risks and opportunities based on business types, risk strategies, financial planning, etc., and proactively promotes green energy and environmental protection policies, and invests in the development of	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			sustainable technologies and products. In order to cope with the impact of global climate change and greenhouse effect on the environment, and in addition to setting up energy conservation and carbon reduction measures, promoting the implementation of energy conservation management in offices and public areas, waste reduction, and green procurement, we also purchase products with international or national energy preservation and environmental protection labels or environmentally friendly labeled products, and follow the requirements of governmental rules and regulations to ensure that energy conservation and carbon reduction are achieved. 4 Regarding the company's governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities, as well as 11 recommended disclosure items. (Four Key Elements of TCFD, Climate-Related Risks and Financial Impact, and Climate-Related Opportunities and Financial Impact). For more details, please visit: ● The Company's website: Corporate Sustainability - Sustainable Governance - Climate Change Response https://www.tyntek.com.tw/sustainability.php ● Company website: Corporate Sustainability - Sustainability Report https://www.tyntek.com.tw/sustainability.php Sustainability Report: Chapter 4 Environmental Protection - Climate Change Response	
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the	✓		(IV) The Company pays constant attention to how climate change affects its	No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?			operations, and devises greenhouse gas reduction, energy conservation, carbon reduction, and water conservation strategies to minimize impacts of its operational activities on the natural environment. As a member of TOSIA, the Company is committed to mitigating global warming, satisfying customers' environmental protection requirements, and acting in line with global trends as part of its corporate social responsibilities. 1 Greenhouse gas: 1.1 Management policy and commitment: According to the ISO_14064-1 standard, the greenhouse gas inventory and verification are conducted, to gradually establish an emission data database, identify, analyze, and formulate emission reduction plans and targets. Based on the concept of life cycle, carbon reduction plans are gradually formulated and implemented; energy and raw materials are purchased in a green manner; manufacturing products with high efficiency and low no-load and power consumption eco-friendly, and reducing emissions generated during the product life cycle. 1.2 The greenhouse gas emissions (tonnes CO₂e / year) inventory results for 2022 and 2023 are as follows: ● The inventory was completed in 2022, and the verification statement was obtained through the third-party ISO_14064-1 verification in June 2023. ● The inventory was completed in 2023, and the verification statement was obtained through the third-party ISO_14064-1 verification in March 2024.	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance															
	Yes	No	Summary																
			● Third-party certifying institution: Industrial Technology Research Institute, Measurement Technology Development Center <table border="1"> <thead> <tr> <th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Intensity</th><th>Scope 3</th></tr> </thead> <tbody> <tr> <td>2022</td><td>9,847</td><td>16,159</td><td>11.8</td><td>3,584</td></tr> <tr> <td>2023</td><td>7,286</td><td>16,136</td><td>11.7</td><td>3,758</td></tr> </tbody> </table> Note 1: Intensity = total volume of greenhouse gases in Scope 1 and 2 (tons)/annual turnover (NT\$ millions); the parent-only revenue in 2022 was NT\$2203.3 million; and the parent-only revenue in 2023 was NT\$2003.9 million. Note 2: The information covers all factories of TYNTEK excluding subsidiaries 1.3 Greenhouse gas emission reduction target: In 2027, the greenhouse gas emissions (Scope 1 and Scope 2) of TYNTEK's parent entity per NT\$ million turnover will be reduced by 30% comparing to the base year (2022). The Company set the above reduction target for 2022. 1.4 Achievement status of 2023 greenhouse gas emission reduction target: ● In 2023, the greenhouse gas emission of Scope 1 and Scope 2 was 23,422 metric tons, which decreased by approximately 9.93% from 26,006 metric tons in 2022. ● In 2023, the GHG emissions (scope 1 and scope 2) of TYNTEK Corporation per million turnover was 11.7%, which decreased by 0.85% from 11.8% in the base year (2022).	Year	Scope 1	Scope 2	Intensity	Scope 3	2022	9,847	16,159	11.8	3,584	2023	7,286	16,136	11.7	3,758	
Year	Scope 1	Scope 2	Intensity	Scope 3															
2022	9,847	16,159	11.8	3,584															
2023	7,286	16,136	11.7	3,758															

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			1.5 Measures related to greenhouse gas emissions and energy management 1.5.1 RTO system for air pollution control - The Company has switched from using activated carbon-based equipment to using RTO system for more efficient treatment of VOC, which in turn reduces emission of pollutants and lessens impact on the environment. 1.5.2 Use of energy not only depletes Earth's resources, but also generates carbon dioxide that causes the greenhouse effect. For this reason, the Company has set its goals to reduce energy consumption by 1%/year in the hope of reducing greenhouse gas emission and its impact on the environment. In addition to exploring and introducing energy-conservation technologies, the Company also adopts energy conservation plans for its production facilities to more directly reduce the volume of energy consumed. Furthermore, the Company implements energy conservation measures in office and common areas and promotes them through awareness and training campaigns to help employees develop proper awareness and habits toward energy conservation and greenhouse gas reduction. 1.5.3 The Company continues to implement relevant energy-saving improvement measures to improve energy efficiency in the plant, and a total of 744,837KWH/year of electricity has been saved in 2023. The power-saving improvement plan includes: adjustment of air	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance				
	Yes	No	Summary					
			compressor capacity, phased replacement of energy-saving LED lamps in the whole plants, temperature adjustment of air-conditioning in the plant area, and investment in equipment with high energy efficiency, among other things. In the future, the Company will evaluate and replace outdated energy-consuming equipment year by year, and continuously review feasible energy-saving measures, to further improve energy-saving effect and achieve the goal of carbon reduction. And short/mid-term goal is set to reach an average annual power saving rate of more than 1% by 2026. 2 Water consumption: 2.1 Management policy and commitment: Through water resources risk management, numerous water-saving and recycling efficiency measures have been formulated; meanwhile, waste water and sewage discharge management has been implemented to ensure the compliance with laws and regulations, to reduce the impact of operating water during the process on the environment. 2.2 Water consumption in 2022 and 2023: (unit: tonnes) <table><tr><td>2022</td><td>2023</td></tr><tr><td>772,188</td><td>734,551</td></tr></table> Note: The information covers all factories of TYNTEK excluding subsidiaries 2.3 Water resource management goals: ● Continue to promote and invest in water conservation	2022	2023	772,188	734,551	
2022	2023							
772,188	734,551							

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			measures and establish baseline data on water withdrawal per unit of production capacity in the plants. ● The long-term target is to reduce water withdrawal per unit of production capacity by 7% by 2027. 2.4 Achievement of water resource management goals in 2023: This fiscal year, TYNTEK' individual company had a total water withdrawal of 734.5 million liters and discharged 607.7 million liters, using water from third-party municipal supplies. The decrease in total water withdrawal compared to year 2022 is mainly due to a reduction in production capacity driven by economic conditions. In 2023, the water usage per unit capacity in the Ren'ai Plant for CS products was 31.6 m³/KK, and for Si products, it was 0.621 m³/piece; in the Kezhong Plant, the water usage for Si products was 4.272 m³/piece. 2.5 Relevant measures to promote water resource management: The Company closely monitors daily water consumption and implements water conservation measures to ensure more effective use of limited water resources. Reuse of water resource also lessens the strain on fresh water supply in Miaoli and Hsinchu areas. The Company has made water conservation, energy conservation, and carbon reduction a part of its environment, safety, and health policies. Plant administration and safety/environmental protection units have been assigned to explore water and energy conservation solutions and outline feasible solutions. Posters, signs, and announcements are used to promote energy and water conservation awareness in production activities as well as	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance																		
	Yes	No	Summary																			
			office spaces. 3 Waste 3.1 Management policy and commitment: Waste are properly disposed to reduce waste generation and related costs, create revenue value and lower the impact of operations on the environment. 3.2 Total waste weight for 2022 and 2023 is shown below: Total waste volume: (unit: tonnes) <table> <tr> <th>Year</th> <th>Hazardous Waste</th> <th>Non-hazardous Waste</th> </tr> <tr> <td>2022</td> <td>384.4</td> <td>182.2</td> </tr> <tr> <td>2023</td> <td>436.4</td> <td>191.4</td> </tr> </table> Total waste weight: (unit: tonnes) <table> <tr> <th>Year</th> <th>Reused volume</th> <th>Reused percentage</th> </tr> <tr> <td>2022</td> <td>312.2</td> <td>55.1%</td> </tr> <tr> <td>2023</td> <td>323.6</td> <td>51.5%</td> </tr> </table> Note 1: Reused volumes include the volumes recycled and reused by contractors, the wastes ultimately being reused, or recycled and reused. Note 2: The information covers all factories of TYNTEK excluding subsidiaries 3.3 Waste reduction goals: ● TYNTEK Renai Plant: The total amount of waste in 2025 will be reduced by 10% from the base year (2022). ● TYNTEK Kejung Plant: to cope with the expansion	Year	Hazardous Waste	Non-hazardous Waste	2022	384.4	182.2	2023	436.4	191.4	Year	Reused volume	Reused percentage	2022	312.2	55.1%	2023	323.6	51.5%	
Year	Hazardous Waste	Non-hazardous Waste																				
2022	384.4	182.2																				
2023	436.4	191.4																				
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2023	323.6	51.5%																				

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			of production, the total volume of waste and disposal situation are continuously recorded, and the reduction target is expected to be planned by the end of 2025. 3.4 Status of waste reduction targets in 2023: ● A total of 627.8 metric tons of waste has been removed and transported, and the waste recycling rate is 51.5%. ● Ren-Ai Plant cleared 288.27 tons in 2022 and disposed 275.45 tons in 2023, representing a total reduction of 12.82 tons and a reduction of 4.45% compared to 2022. ● The Kezhong Plant processed 255.26 tons of waste in 2022 and 315.70 tons in 2023. The increase of 60.44 tons is due to expansion-related waste, and we continue to record the total amount of waste and its disposal. 3.5 Related promotion measures for waste management: The Company enforces waste management in accordance with the "Waste Disposal Act" and "Businesses Subject to Submission of Industrial Waste Disposal Plan." The Industrial Waste Disposal Plan submitted by the Company is subject to the authority's approval and has to be published according to the government's rules. Furthermore, a dedicated waste disposal unit has been created specifically to handle waste disposal according to relevant laws and rules of the Environmental Protection Bureau, and to make online reports on the volume of waste produced, stored, disposed, and treated. The Company also engages contractors certified by the Environmental Protection Administration to dispose and treat	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			waste in the manners outlined in its disposal plan. In the future, the Company will continue exploring ways to conserve resources, reduce waste, promote recycling/reuse, and thereby lessen its impact on the environment. Through waste reduction and resource recycling and reuse, the Company hopes to contribute its part towards sustainability of the Earth's environment.	
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		IV. Social issues (I) The company adheres to the Labor Standards Act and other relevant regulations and follows international human rights conventions such as the "United Nations Global Compact" and the "Universal Declaration of Human Rights." We have established a "Human Rights Policy" that includes prohibitions against child labor and forced labor, creating a safe and healthy workplace, respecting workplace rights, promoting diverse communication channels, implementing information security, supporting employees in maintaining mental and physical health, and work-life balance. In 2023, our company had no significant incidents or issues related to child labor or forced labor, nor any complaints about forced labor, infringement of employee rights, or human rights violations. Details about human rights concerns, practices, and the implementation of human rights protection training are disclosed on the "Corporate Sustainability" section of our company website. https://www.tyntek.com.tw/sustainability.php	No material deviation is found.
(II) Has the Company developed and implemented	✓		(II)	No material deviation is

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?			●Remuneration policies The Company values the equal development of its diverse workforce, and the basic salary and remuneration policy does not produce differences based on employee types and genders. The Company compensates each employee for the responsibilities undertaken, their contributions to the Company, and overall performance. Level of compensation is positively correlated with operational performance, and details such as employees' average salary adjustment are disclosed on Market Observation Post System. Employee remuneration is governed by Article 18 of the company's articles of incorporation: the company's annual pre-tax profits, excluding employee and director remuneration, should allocate between five to fifteen percent for employee remuneration and up to five percent for director remuneration. However, if the Company still has accumulated losses (including adjustment of undistributed earnings amount), an amount shall be reserved for making up the accumulated loss first. If there is profit in the current year, the employee's remuneration will be distributed to all employees after taking into account their seniority and annual performance evaluation, to motivate all employees to work for the Company's goals. The Articles of Incorporation is disclosed in the "Investor Area" -> "Corporate Governance" -> "Important Regulations" of the Company's website. https://www.tyntek.com.tw/investor.php ●Employee Benefits	found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			The Company has monitored a friendly environment for employees in the workplace for a long time. As of 2023, female employees account for 70% of all employees, and the proportion of females in management account for 30%. In terms of policies, the Company has “work rules” and personnel management policies in place to outline terms of employment from basic salary, work hours, leave of absence, pension benefits, Labor/National Health Insurance benefits, to occupational hazard remedies. All of which are compliant with the Labor Standards Act. An Employee Welfare Committee has been established to handle various welfare matters. ●Retirement system The company’s pension planning includes both new and old systems. The old system, based on the Labor Standards Act and related regulations, has established employee retirement procedures, specifying conditions for retirement, standards for benefits, and application procedures, and has set up a Labor Retirement Reserve Supervisory Committee. A retirement fund equivalent to 5% of the total salary expenses is allocated monthly and stored in a special account under the committee's name at the Bank of Taiwan to protect workers' rights. The new system, effective from July 1, 2005, follows the Labor Pension Act, allocating 6% of monthly wages to the employee's personal retirement account at the Bureau of Labor Insurance. For those who voluntarily contribute additional retirement funds, the contributions are deducted from their monthly wages according to the	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance												
	Yes	No	Summary													
			voluntary contribution rate and deposited into their personal retirement account at the Bureau of Labor Insurance. <table><tr><td>Retirement system</td><td>Old scheme</td><td>New scheme</td></tr><tr><td>Governing law</td><td>Labor Standards Act</td><td>Labor Pension Act</td></tr><tr><td>Method of contribution</td><td>The Company makes monthly pension contributions equivalent to 5% of employees' gross salaries. These sums are deposited into a separate account held under Bank of Taiwan in the name of Labor Pension Supervisory Committee.</td><td>The Company makes monthly pension contributions equivalent to 6% of employees' gross salaries to their individual accounts held with the Bureau of Labor Insurance.</td></tr><tr><td>Amount of contribution</td><td>The labor pension fund as of December 2023 had a balance of NT\$73,129 thousand.</td><td>Pension fund expenses recognized in 2023 amounted to NT\$20,068</td></tr></table>	Retirement system	Old scheme	New scheme	Governing law	Labor Standards Act	Labor Pension Act	Method of contribution	The Company makes monthly pension contributions equivalent to 5% of employees' gross salaries. These sums are deposited into a separate account held under Bank of Taiwan in the name of Labor Pension Supervisory Committee.	The Company makes monthly pension contributions equivalent to 6% of employees' gross salaries to their individual accounts held with the Bureau of Labor Insurance.	Amount of contribution	The labor pension fund as of December 2023 had a balance of NT\$73,129 thousand.	Pension fund expenses recognized in 2023 amounted to NT\$20,068	
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Assess criteria	Execution progress					Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary			
					thousand.	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		(III) In addition to providing employees with a safe and healthy work environment complete with protective gears, and conducting the general inspections, irregularity handling, responses or follow-up for the machinery, equipment, tools and operating venues in plants, the Company also organizes unscheduled safety and health training and arranges complimentary checkups on general healthy and special hazards on a regular basis. The Company's Renai and Kejung Plants have obtained ISO 45001 and CNS 45001 certifications in December 2022, which are valid until December 2025 Through the "Automatic Inspection Management Standards" and "Hazard Identification and Risk Assessment Procedures", the Company conducts quarterly occupational hazard identification and risk assessment, applies hierarchical controls, implements automatic inspection; and is supplemented with PDCA cycle quality management to continuously improve the occupational safety and health management system. In order to minimize the risk of occupational hazards, we regularly conduct environmental monitoring to evaluate and analyze the exposure of chemicals in the workplace. Priority is given to engineering controls, followed by establishing SOP management procedures and issuing protective gear to designated personnel, in accordance with the company's "Preventive Plan Against Illegal Harassment in Duty Execution" to protect workers from threats,			No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance																					
	Yes	No	Summary																						
			intimidation, or termination of employment, thus safeguarding the employees' rights and well-being. The results of environmental monitoring in 2023 showed compliance with legal standards. The Company regularly organizes annual respiratory protection education and training, introduction and operation of emergency response equipment, fire safety education and training, emergency disposal of chemical spills, general safety and hygiene, and general knowledge of dangerous and hazardous substances. <table><tr><td>Education and training projects (unit: person)</td><td>2022</td><td>2023</td></tr><tr><td>General health and safety education</td><td>147</td><td>142</td></tr><tr><td>Retraining of general health and safety education</td><td>12</td><td>849</td></tr><tr><td>Retraining of hazard education and training</td><td>202</td><td>276</td></tr><tr><td>Education and training of respiratory protection</td><td>41</td><td>46</td></tr><tr><td>Fire-fighting education and training</td><td>183</td><td>475</td></tr><tr><td>Introduction and operation training of emergency response equipment</td><td>139</td><td>31</td></tr></table> There were 3 cases of occupational injury in 2023, and 5 cases of commuting occupational injury. For non-commuting occupational accidents, the accident cause analysis, process review and engineering	Education and training projects (unit: person)	2022	2023	General health and safety education	147	142	Retraining of general health and safety education	12	849	Retraining of hazard education and training	202	276	Education and training of respiratory protection	41	46	Fire-fighting education and training	183	475	Introduction and operation training of emergency response equipment	139	31	
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Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance																					
	Yes	No	Summary																						
			improvement are conducted, and employees are arranged to receive appropriate education and training. <table><tr><td>Year</td><td>2022</td><td>2023</td></tr><tr><td>People suffered from occupational accidents</td><td>7</td><td>3</td></tr><tr><td>People suffered from commuting occupational accidents</td><td>10</td><td>5</td></tr><tr><td>Total workers</td><td>730</td><td>763</td></tr><tr><td>Disabling Frequency Rate (FR)</td><td>4.90</td><td>2.01</td></tr><tr><td>Disabling Frequency Rate (SR)</td><td>46</td><td>6</td></tr><tr><td>Frequency-Severity Indicator (FSI)</td><td>0.47</td><td>0.10</td></tr></table> In 2023, the Kezhong Plant and Ren'ai Plant of our company completed 12 drills, including fire drills and emergency response exercises. There was no fire incident in 2023.	Year	2022	2023	People suffered from occupational accidents	7	3	People suffered from commuting occupational accidents	10	5	Total workers	730	763	Disabling Frequency Rate (FR)	4.90	2.01	Disabling Frequency Rate (SR)	46	6	Frequency-Severity Indicator (FSI)	0.47	0.10	
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Frequency-Severity Indicator (FSI)	0.47	0.10																							
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	✓		(IV) The Company conducts annual surveys on employees' training requirements, and designs training programs in line with corporate strategies that help employees develop the knowledge and professional skills needed to advance through their careers. Employees are able to check their training progress online using the HR system. The results of 2023 of education and training are disclosed on the Company website.	No material deviation is found.																					
(V) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing, and labeling in all products and	✓		(V) The Company maintains productive communication with customers, and has a customer service department in place to handle customers' complaints and grievances in a transparent and	No material deviation is found.																					

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
services offered, and implemented consumer protection policies and complaint procedures?			effective manner, as well as the customer satisfaction survey and customer audit from time to time, in order to protect customers' interests.	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	✓		(VI) The Company's supplier management policy is to actively focus on the sustainable performance of the Company and promote industrial excellence through product quality system evaluations, environmental safety and health evaluations, and labor and human rights evaluations. The company pays close attention to and improves on issues such as corporate integrity management, labor rights and ethics, employee health and safety, and the prohibition of hazardous substances, implementing ESG management to reduce supply chain disruption risks, and collaborates with supplier partners to create value for the optoelectronics industry. For details on our supply chain management, including environmental, safety, and health assessments, please refer to the "Investors" section of our company website -> "Supplier Management Policy." 1 The Company selects its business (supply) partners depending on the location of work activity, the raw materials involved for production, and serviceability of the underlying work. Each partner has to pass the Company's review to ensure that they are capable of delivering top-quality products and services to customers. 2 The Company communicates with suppliers and contractors regularly on environmental, safety, and health issues, during which suppliers and contractors are encouraged to take steps toward improving environmental protection, safety, and health	No material deviation is found.

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			performance. The Company adopts a focused and voluntary approach with respect to the management of its contractors. By allowing certain degree of autonomy, the Company hopes to raise contractors' sense of responsibility and promote the safety culture as well as respect for skills and characters across the industry. 3 As described above, the Company requires all contractors involved in high-risk operations to have workers undergo 6 hours of safety and health training in addition to a "hazard awareness" course before commencing work at plant premise. All contractors are required to wear protective gears and take precautionary measures when entering plant premise. 4 The Company makes ongoing efforts to improve supply chain management, and requires/encourages suppliers and contractors to adopt more robust practices with respect to environment, safety, and health. Through regular interaction, self-assessment, management audit, and sharing of experiences between management personnel, the Company strengthens its partnership with suppliers and contractors in pursuit of greater contributions to the society through improved environment, safety, and health performance. 5 Based on the management regulations of supplier qualification verification, the procurement, quality and related units regularly evaluate the quality, hazardous substance free (HSF) management, delivery time, and cooperation of suppliers, and they are divided into four categories: A, B, C, and D based on the evaluation results. For those with a total scores falling into C and D levels, they are required to propose improvement	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			countermeasures and reports. 6 The Company protects employees' human rights as part of its corporate social responsibilities by adhering to the human rights principles conveyed in "The United Nations Global Compact," "Universal Declaration of Human Rights" and international human rights conventions. The Company requires all business partners to issue declarations not to engage in any action that violates human rights, so that insiders and outsiders are equally entitled to fair and dignified treatment. Outcomes of the 2023 supplier worker human rights assessment have been disclosed on the Company's website.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	✓		V. Our company has prepared the "TYNTEK Corporation 2023 Sustainability Report" according to the internationally recognized GRI Standards. The report has been assured by TUV NORD Taiwan Co., Ltd. for the content conforming to the GRI standards and the principle of accountability in AA1000AP (2018) by complying with the AA1000AS v3 assurance standards, and took Type 1, the moderate assurance as the basis of verification The financial data in the report has been verified and approved by Delete Taiwan pursuant to the International Financial Reporting Standards (IFRS). In addition to disclosing corporate information and material information on the Market Observation Post System, the Company has disclosed it on the Company's website in accordance with relevant laws and regulations (http://www.tyntek.com.tw)	No material deviation is found.
VI. If the Company has established sustainable development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed				

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
Companies," please describe its current practices and any deviations from the Best Practice Principles: In November 2023, our Board of Directors approved the "Sustainable Development Practice Guidelines" to strengthen the implementation of corporate social responsibility. The Company regularly reviews the implementation in accordance with the principles and makes improvements accordingly. So far, there is no discrepancy in the implementation.				
VII. Other information useful to the understanding of sustainable development:				
1 Stakeholder communication: Through various communication platforms, we maintain healthy interactions with all stakeholders, understanding their expectations and suggestions for TYNTEK. We incorporate their concerns into our dedicated platform for immediate discussion by our team, which facilitates effective communication and implementation into routine activities or annual plans. Additionally, this special area allows for real-time communication and response, serving as a crucial reference for the formulation and implementation of our sustainable development policies. We report the status of communications with stakeholders to the Board of Directors annually. For information on stakeholder concerns, communication channels, and contact points, refer to the "Stakeholders' Section" under "Corporate Sustainability" on our company website at https://www.tyntek.com.tw/sustainability.php .				
2 External Engagement - Sustainability and Engagement: In addition to publishing a sustainability report following GRI sustainability principles, our company also promotes the 17 United Nations Sustainable Development Goals and voluntarily adheres to international human rights conventions such as the United Nations Global Compact and the Universal Declaration of Human Rights. We follow the principles and basic principles of human rights protection advocated by these conventions and also comply with the Responsible Minerals Initiative to avoid using conflict minerals. The Company is currently a member of the Allied Association for Science Park Industry, Zhunan Industrial Zone Manufacturers Association of Miaoli County, and Taiwan Optoelectronic Semiconductor Industry Association (TOSIA); the Company actively participates in external organizations to promote environment, safety, health and corporate sustainability related activities. In 2009, through the counselling of TOSIA, the organizational greenhouse gas emission inventory has been started, and the relevant inventory and verification are currently being carried out every year.				
3 Energy conservation or green energy investment: Our company actively implements energy-saving and carbon reduction action plans to enhance energy efficiency within our facilities. In 2023, our energy-saving and carbon reduction projects included replacing old energy-consuming cooling towers, retrofitting mechanical equipment with variable frequency drives such as vacuum pumps and air compressors, installing energy-saving air compressor condensate drains, and continuing to replace facility lighting with LED energy-saving fixtures. Through optimized energy control, these initiatives saved approximately 745,000 kWh of electricity, equivalent to reducing 368.7 tons of CO2e emissions				

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
in Scope 2. A summary of machines and equipment related to energy savings or green energy is listed below:				
Contents of investment in 2023	Investment amount (NT\$ thousand)	2023 power conservation results (kW·h)		
1. Cooling tower renewal	8,250	221,486		
2. Shutdown of dehumidifier in 3F cleanroom chemical zone	0	58		
3. Inverter installed on air compressor	370	192,641		
4. Energy-saving drainer for air compressor #3	16	397		
5. Inverter vacuum machine	2,100	25,590		
6. Change A/C Box to A/C Box Filter Unit	1,210	212,918		
4 Diversity in the workplace or promotion of gender equality:				
The Company is committed to providing employees with a dignified and safe workplace in a friendly workplace environment, implementing employment diversity, fairness in remuneration and promotion opportunities, to ensure that employees will not be subject to discrimination, harassment or unequal treatment for any other status protected by statute due to race, gender, religious belief, age, political orientation and other factors or other protection available in applicable regulations.				
4.1 2023 Gender diversity indicator (excluding subsidiaries)				
Indicators	Percentage (%)			
Female to all employees (%)	70			
Female lead management of all executives	30			
4.2 2023 No. of employees on unpaid parental leave (excluding subsidiaries)				
	Male	Female	Total	
No. of employees qualified for unpaid parental leave in	10	20	30	

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
2023 ¹ (a)				
No. of employees who applied for unpaid parental leave in 2023	1	6	7	
Application rate for unpaid parental leave (b/a)	10%	30%	23%	
Expected No. of employees returning to work in 2023 after unpaid parental leave (c)	1	3	4	
No. of returnees in 2023 after unpaid parental leave (d)	1	1	2	
% of returnees after unpaid parental leave (d/c)	100%	33%	50%	
No. of returnees in 2022 after applying for unpaid parental leave (e)	-	5	5	
No. of returnees who stayed in service for one year after applying for unpaid parental leave in 2022 ² (f)	-	5	5	
% of returnees staying in service after unpaid parental leave (f/e)	N/A	100%	100%	
Note: 1. Based on the number of employees who have applied for maternity leave or paternity leave during the past three years (2021-2023). 2. Date of return is defined as coming back for work in 2022 and staying in service for a full year. 4.3 In addition to setting up breastfeeding rooms, the friendly pregnancy measures provide specific refrigerators, arm-chairs, trash cans with lids, power supply equipment, hand hand-washing facilities; car parking spaces specific to pregnant employees are provided, too. 5 The effectiveness of community development and measures taken in response to risks or opportunities in the community: Our company's Ren'ai Plant and Kezhong Plant are located in Zhunan Town, Miaoli County, and the Zhunan Science Park, respectively. To give back to the local communities and foster communal growth, we actively participate in various charitable activities in Miaoli County and other regions, striving to be an integral part of the community and actively engage in community development. In 2023, we participated in several public welfare activities, including a support and companionship program for underprivileged students, early intervention services for disadvantaged groups, and blood donation activities. These activities not only demonstrate our company's commitment to social responsibility but also strengthen our commitment to the community and vulnerable groups. We hope that these practical measures will create more positive impacts on society. Relevant implementation results are as follows:				
Item	Results	Activity Content		
Number of events	12 Sessions	Miaoli Family Assistance Education Companion Program - Scholarship and Grant, Holy Family Early		

Assess criteria			Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
			Yes	No	Summary	
organized or participated in		Intervention Program for Vulnerable Families, Sponsorship of Qiding Village - Garbage Classification and Resource Recycling Advocacy Activities, Sponsorship of Hexing Temple - Patrolling Incense Passing and Blessing Ceremony, Zhunan Industrial Zone Manufacturers Association - Anti-Fraud and Energy Saving and Carbon Reduction Cultural Advocacy Activities, Holy Family Wisdom Center 33rd Anniversary and Early Intervention 20th Anniversary Community Integration Event, Support for Social Welfare Organizations to Set Up Temporary Stalls at the Company, etc.				
Number of participants	2,481 people					
Annual cumulative donations	NT\$ 930,000					

6 Industry-academia collaboration programs and results:

Our company actively participates in talent development programs in collaboration with industry, academia, and government, supporting government agencies and academic institutions in conducting pre-employment and on-the-job training courses to help unemployed workers enhance their employment skills and re-enter the job market, while also introducing diverse talent recruitment and training channels for the company. In addition, our company engages deeply with campuses through activities such as campus lectures, industry-academic seminars, and campus recruitment events, sharing industry experience with students and actively cooperating with local universities and colleges near our plants for industry-academic collaboration, supporting local education and enhancing students' practical work experience.

6.1 Promotion plans and implementation results in 2023:

Type of event	Number of sessions in attendance	Cumulative number of participants
Semi-conductor and key technology industry talent development base enterprise seminar	4	205
Industry-academia cooperation seminar, campus talent recruitment activities	4	194
Total	8	399

6.2 Achievements of the Industry-Academia Collaborative Intern Program in 2023:

School	Number of interns
Chung Hua University.	7

Assess criteria	Execution progress			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance				
	Yes	No	Summary					
<table><tr><td>Wufeng University</td><td>1</td></tr><tr><td>Total</td><td>8</td></tr></table>	Wufeng University	1	Total	8				
Wufeng University	1							
Total	8							
6.3 To encourage students to participate in legitimate recreational activities for physical and mental health, we have specifically sponsored the Daguang Cup event at Chung Hua University, with a sponsorship amount of 50,000 TWD. 7 Awards and other special achievements: To actively implement a cigarette-free workplace at the Company, provide a healthy working environment for employees in the workplace, establish a healthy lifestyle for the people, promote the physical and mental health of workers, the Company have encouraged the workplace to promote a cigarette-free environment and promote workplace health enhancement with plans, and won the award from Ministry of Health and Welfare with the "Healthy Workplace Promotion Label." 8 For other related information, please refer to the corporate sustainability section on the Company's website - corporate governance https://www.tyntek.com.tw/sustainability.php for instructions.								

Note 1: Material sustainability management topics and risk management strategies and measures for the year ended December 31, 2023

Dimension	Material topic	Risk management strategies and measures
Economics and governance	Information management	1. Ensuring corporate information security meets regulatory standards enhances customer trust and guards against potential threats, promoting digital transformation and maintaining long-term stable operations. 2. Implement regular monitoring and an information security internal audit system, to ensure that information security management is implemented in daily maintenance, operation and business activities. 3. An information security management department was established, and in July 2023, the introduction of ISO 27001: 2022 information security management system was promoted, and the certificate is expected to be obtained in 2024.
	Economic	1. Aggressively expand the sensing solutions business, achieve the economic performance promised by our core business and maximize shareholders' interests. 2. Through the introduction of overall economic and industrial development trend research, five-year plans, short-, medium- and long-term goal planning and management, and promotion of risk management, as well as multi-faceted deployment and transformation plans, the overall team's awareness of sustainable development is enhanced for the Company and the society as a whole. 3. Organize monthly operation report meeting to track and review the achievement of targets.
	Innovation	1. Continue to invest in more high value-added and low energy consuming products and processes for the development of optical communication sensing components and sensing solutions for automotive, medical, and precision control applications to increase the revenue of new products and new markets. 2. We continue to invest in research and development personnel and the development of new processes and technologies, allocating an annual R&D budget that accounts for more than 5% of revenue. 3. Formulate sustainable technology and product R&D plans, set R&D schedule KPI, and have the responsible unit conduct performance reviews every year.
	Business ethics	1. The Company shall establish policies based on integrity and establish good corporate governance and risk control mechanisms in order to create an operating environment for sustainable development, based on the business philosophy of integrity, transparency and accountability. 2. An "Ethical Corporate Management Promotion Team" has been established as a dedicated unit responsible for formulating and supervising the implementation of ethical corporate management policies and preventive programs. 3. The Company plans and manages compliance systems, and conducts compliance self-assessments at least once a year.
	Supplier	1. We actively focus on the sustainable performance of the Company and promote industrial excellence through product quality system evaluations, environmental safety and health evaluations, and labor and human rights evaluations. We pay attention to and improve the issues of corporate ethical management, labor rights and ethics, employees' health and safety, and banned hazardous substances, implement ESG management, reduce the risk of supply chain disruptions, and create

Dimension	Material topic	Risk management strategies and measures
		value for the optoelectronics industry together with our supplier partners. 2. Annual supplier/sub-tier vendor risk assessment and audit evaluation is conducted by the Quality Assurance Unit on supplier quality, hazardous substances (HSF) management, and conflict minerals declarations. The Occupational Safety and Health Unit evaluates the environmental safety and health and labor rights of suppliers/sub-tier vendors.
Environmental	Water resource	1. Through water resources risk management, numerous water-saving and recycling efficiency measures have been formulated; meanwhile, waste water and sewage discharge management has been implemented to ensure the compliance with laws and regulations, to reduce the impact of operating water during the process on the environment. 2. We continue to introduce various water-saving technologies and carry out water-saving improvement plans for related facilities, aiming to enhance water recycling and reduce wastewater discharge. 3. Regularly tests the wastewater discharge standards and conducts performance reviews and improvements.
	Energy	1. Comply with energy regulations and implement energy management; improve energy efficiency and reduce energy consumption; implement energy management systems to reduce greenhouse emissions; promote full employee participation and establish an energy-saving culture. 2. Continue to introduce various energy-saving technologies and carry out energy-saving improvement programs for related facilities to enhance energy efficiency. 3. An energy-saving plan has been established, coordinated by the facilities management unit, integrating departments to promote energy-saving and carbon reduction strategies and plans, with regular performance reviews.
	Greenhouse gas emissions	1. According to the ISO 14064-1, the GHG self-inventory and verification are conducted to gradually establish an emission data database, identify, analyze, and formulate emission reduction plans and targets. 2. We have set targets and plans for greenhouse gas emissions management, coordinated by the occupational safety unit. This involves integrating departments to promote strategies and plans for reducing greenhouse gas emissions and regularly reviewing performance.
	Waste management	1. Waste is properly disposed of to reduce the generation of waste and related costs, create revenue value and lower the impact of operations on the environment. 2. We allocate expenses for waste disposal management and transportation, collaborating with relevant units to implement process improvement technologies and reduce raw material usage and waste production through source management measures. 3. Establishment of waste reduction plans and regular performance reviews. The Company has passed the ISO 14001 environmental management system certification and conducts internal and external audits on a regular basis.

Dimension	Material topic	Risk management strategies and measures
Social Aspect	Employee health	1. Introduce and establish an environment, safety and health management system, regularly evaluate the effectiveness of its implementation and make continuous improvements, and strengthen industrial waste reduction and prevention of injuries, diseases and pollution. 2. Establish a company-wide management plan and conduct regular performance reviews. The Company has passed the ISO 45001 Occupational Health and Safety Management System certification, and conducts internal and external audits on a regular basis.
	Talent recruitment	1. Operates in compliance with the Labor Standards Act, and in accordance with the law, we have established employee handbooks; and various management rules and regulations, including employee benefits and retirement systems, training and continuing education, and safety protection measures in the working environment, etc. We also emphasize two-way communication between labor and management to ensure that the rights and interests of our employees are protected. 2. Regular employee performance assessments are conducted, supplemented by a comprehensive promotion and compensation system, to enhance company functional management and human resource development. 3. Provide employees with a safe and healthy work environment and development opportunities to enhance their willingness to stay.
	Employee training	1. Continue to organize education and training to strengthen employee competency development and cultivate quality talents. 2. Formulate a professional training blueprint based on job title, seniority, and rank, organize courses according to the annual plan, and implement an education training satisfaction survey mechanism to conduct performance reviews.

Climate Related Information for Listed Companies

1. Implementation of climate-related information

Item	Execution progress
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	Based on various risks, inventory, and potential impacts of various risk issues on the organization, including the identification and assessment of climate change risks, all relevant units of the Company put forward improvement suggestions based on the possible harm caused by risks and measures to adapt to the climate finance risk and identify the corresponding climate finance opportunity. The ESG Committee is responsible for compiling and presenting the results annually to senior management for review and discussion, the result of which is then sent back to the ESG Committee for approval. The ESG Committee reports quarterly to the Board of Directors on the results of the implementation of sustainable development, the work plan, and the related issues and countermeasures, including climate change related issues, and the identification of short-, medium-, and long-term goals.

Item	Execution progress
	For more information, please refer to our Sustainability Report: Chapter 4 Environmental Protection > Climate Change Response > TCFD Four Core Elements.
2. Describe how the identified climate risks and opportunities will affect the business, strategy, and finances of the enterprise (short, medium, and long term).	The Company conducts an organizational risk assessment that includes climate change scenarios through the operational mechanisms of the ESG Committee in 2022 to understand the specific potential financial impacts as a basis for policy development and targets, and to adopt relevant response strategies. For related information, please refer to the Company's Sustainability Report: Chapter 4 Environmental Protection > Response to Climate Change > Financial Impacts of Climate-Related Risks and Opportunities.
3. Describe the financial impacts of extreme climate events and transitional actions.	The Company takes the potential impacts of climate change into account in its overall operations, assesses the probability of risks and the extent of their impacts, identifies physical and transition risks and opportunities based on business types, risk strategies, financial planning, etc., and proactively promotes green energy and environmental protection policies, and invests in the development of sustainable technologies and products. For related information, please refer to the Company's Sustainability Report: Chapter 4 Environmental Protection > Response to Climate Change > Financial Impacts of Climate-Related Risks and Opportunities.
4. Describe how the process of identifying, evaluating, and managing climate risks is integrated into the overall risk management system.	In order to identify and assess material impacts or risks associated with its operations, the Company conducts an organizational risk assessment that includes climate change scenarios through the operational mechanisms of the ESG Committee to understand the specific potential financial impacts as a basis for policy development and targets, and to adopt relevant response strategies. In addition, the Company will promote the establishment of more comprehensive risk management procedures including climate change risk management, improve and continue to monitor the Company's risk management system. For more information, please refer to our Sustainability Report: Chapter 4 Environmental Protection > Climate Change Response > TCFD Four Core Elements.
5. If scenario analysis is used to evaluate the resilience to climate change risks, the scenarios, parameters, assumptions, analyzing factors, and major financial impacts should be described.	The Company has not used scenario analysis to evaluate resilience to the risk of climate change. In the future, we will continue to understand and plan and evaluate the types of climate scenarios and the setting of related indicators, the financial impact assessment methodology, and gradually improve the Company's climate change response management procedures and climate scenario simulations and analysis.
6. If there is a transition plan for managing climate-related risks, describe the contents of the plan, and the indicators and objectives for identifying and managing physical risks and transition risks.	The Company continues to pay attention to relevant policies and regulations to ensure that enterprises can comply with the new regulatory requirements in a timely manner, and continues to check and plan the reduction of direct emissions (scope 1) and indirect emissions (scope 2) from energy use from operating activities. We are implementing an energy performance improvement plan to phase out high-energy-

Item	Execution progress
	consuming facilities, committed to enhancing energy efficiency. We are also investing in the development of third-generation compound semiconductor technologies to support our end customers in achieving carbon reduction benefits and other related transformation plans. For related information, please refer to the Company's Sustainability Report: Chapter 4 Environmental Protection > Response to Climate Change > Financial Impacts of Climate-Related Risks and Opportunities.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	The Company is not currently using internal carbon pricing for planning purposes and will understand and assess this at a later date.
8. If climate-related goals are set, information on activities covered, GHG emission scopes, planning period, and annual progress should be provided; if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, the source and amount of carbon reduction credits or RECs should be provided.	For more information on climate -related goals, please refer to this annual report section: "(5) Implementation of Sustainable Development and Differences from the Listed Companies' Sustainability Practice Codes, Reasons for Differences" under the assessment item "3. Environmental Issues - (4) Has the company compiled greenhouse gas emissions, water usage, and total waste weight over the past two years, and established policies for energy conservation, carbon reduction, water reduction, or other waste management?" Description The Company has not utilized carbon offsets or Renewable Energy Certificates (RECs) to achieve this goal yet.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans.	For more information, please refer to this annual report section: "(5) Implementation of Sustainable Development and Differences from the Listed Companies' Sustainability Practice Codes, Reasons for Differences" under the assessment item "3. Environmental Issues - (4) Has the company compiled greenhouse gas emissions, water usage, and total waste weight over the past two years, and established policies for energy conservation, carbon reduction, water reduction, or other waste management?" Description

(VI) Enforcement of ethical Corporate Management, Deviation and Causes of Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies:

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
I. Establish the ethical corporate management policies and programs			I. Establish the ethical corporate management policies and programs	
(I) Does the company set the policy of ethical corporate management approved by the board of directors and express its commitment to the policies and practices of ethical corporate management in its regulations and in the external documents, and do the board of directors and the management actively implement the management policies?	✓		(I)The Company observes "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct," approved by the Board of Directors, and insists the principle of integrity and honesty, and complies with various laws and regulations. The management team has established a code of ethical conduct for directors, independent directors and managerial officers, as a basis for implementing ethical corporate management.	No material deviation is found.
(II) Has the company set up a program for the prevention of unethical conducts as well as analyzing and assessing the business activities with high unethical risk, and include conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best Practice Principles for for TWSE/TPEX Listed Companies”?	✓		(II)The Company has established an Integrity Management Task Force. In 2023, in response to Article 7, Section 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" the task force designed an assessment questionnaire to monitor business activities for seven major types of dishonest behaviors. The results of this assessment serve as a crucial reference for preventive measures and audit plans across various departments, and are reported to the Board of Directors to prevent any dishonest conduct. All employees are required to self-declare any conflicts of interest or potential ethical concerns related to conflicts of interest. The Company also requires suppliers/partners to provide written	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(III) Has the company set up procedures, conduct guidelines and a disciplinary and complaint-filing system for violations for implementation and reviewed and amended such programs periodically?	✓		commitments that they will not engage in any illegal business activities and will not provide improper benefits or bribes to Company's personnel. The Company provides an integrity mailbox as a channel for complaints from suppliers, partners and customers, which are handled impartially by the dedicated unit. (III) The company has established the "Procedures for Ethical Management and Guidelines for Conduct," "Regulations for Reporting Illegal, Unethical, and Dishonest Conduct," and "Employee's Working Rules" for self-disciplining based on the principle of integrity and honesty, to prevent the occurrence of unethical conducts, while strictly prohibiting employees from accepting any improper gifts and entertainment. These are communicated to new recruits. If there is any violation of the law, it shall be handled in accordance with the employee rewards and punishment measures, and shall be reviewed and amended based on the actual situation from time to time. The internal audit conducts various audits pursuant to the annual audit plan approved by the board of directors, and reports the audit results and follow-up improvement plans to the board of directors, to ensure professional ethics and compliance with regulations.	No material deviation is found.
II. Implementation of ethical corporate management (I) Does the company assess the ethical record of its business	✓		II. Implementation of ethical corporate management (I) The Company requires all suppliers to sign the	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
partner, and stipulate the terms of ethical conduct in the contract with the business partner?			Commitment of Ethic, Integrity, and Confidentiality, while conducting business activities are in compliance with the Company Act, the Securities Exchange Act, the Political Donations Act, the Anti-Corruption Act, and other relevant laws and regulations. The Company clearly specifies the authorization management measures to restrict the transaction authority, supervise and manage. The regular reports are made to the Board of Directors.	
(II) Has the company set up a dedicated (or concurrent) corporate ethical promotion unit under the board of directors which regularly reports to the board on its work(at least once a year)?	✓		(II) The Company has set up a dedicated unit under the Board of Directors to promote ethical corporate management, for promoting a sound management policy of ethical corporate management, and report to the Board of Directors on a regular basis every year. (Latest report date: February 21, 2024)	No material deviation is found.
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	✓		(III) In order to avoid damages to the Company's interests, the Employee's Working Rules and corporate governance principles clearly stipulate the related policies to prevent the transmission of benefits and conflicts of interest; employees may express their opinions to the Company through the management unit. The company also formulates the "Employee's Code of Conduct" and regularly conducts education and promotion for them to understand the regulations to be followed and prevent unethical conducts. Directors are also prohibited from participating in discussions and voting on matters to be resolved pursuant to the "Regulations Governing	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	✓		Procedure for Board of Directors Meetings," and are not allowed to exercise other directors' voting rights as a proxy. (IV) The company has fully implemented computerized operations for its management functions, which can be systematically cross-checked. The internal audit unit regularly carries out the audit plan to ensure the effective operation of internal systems. The audit plan includes checks for integrity in management (including dishonest behaviors) and adjusts the audit schedule or incorporates specific project audits based on the results of risk assessments, which are then reported to the Board of Directors. To ensure the effectiveness of system design and implementation, through internal control self-assessment and CPAs' annual review of the implementation, the Company conducts review and revisions every year to establish a good ethical management and risk control mechanism.	No material deviation is found.
(V) Does the company hold regular internal and external training on ethical corporate management?	✓		V) In order to implement ethical corporate management, the Company discloses the "Ethical Corporate Management Best Practice Principles" and the "Ethical Management and Guidelines for Conduct" on its website, and provides internal and external trainings on ethical corporate management issues for directors, managerial officers and employees. All efforts are made for the protection of trade secrets, intellectual property rights, and	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			information security, to avoid the leakage of the Company's important information. Related trainings in 2023 are as follows: There were 180 employees in the "Employee 's Code of Conduct/Personal Information Protection," for total 90 hours. "Promotion on Ethics in the Workplace and Legal Risks" attended by 185 people for totaled 185 hours. "Promotion of Personal Data Protection" attended by 266 people for totaled 266 hours. There were 31 employees in the "Corporate Anti-Corruption Promotion" for a total of 31 hours. There was 1 employee in "How do directors and supervisors supervise the company's establishment and promotion of a sound risk management system" for a total of 3 hours. There was one employee in "Corporate Risk and Crisis Management" for a total of 3 hours. There were 2 employees in "trade secret protection and practical case analysis" for a total of 6 hours. There was one employee in "Secrets are Secret - Discussion on Protection and Management of Business Secrets" for total 3 hours. There was 1 person in the "Taiwan Information Security Conference" for a total of 3 hours. There were 278 employees in the "Information Security Course" for a total of 556 hours.	

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			There were 2 employees in "Corporate Governance Personnel Functions and Tasks" for a total of 6 hours. One employee was assigned to the "Important Concepts and Risk Management of the Corporate Data Protection Act," for total 6 hours. "Discuss the new positioning of internal auditing from a case study - the crossover of ethics and law" attended by one person for totaled six hours. There was one employee in the "Information Business Audit Fulfillment Workshop" for a total of 6 hours. There were 2 participants in "ESG Trends and Corporate Response Measures." Total 6 hours. There was one employee in "How Do Directors and Supervisors Supervise Enterprise Risk Management and Crisis Management" for a total of 3 hours.	
III. The operation status of reporting system (I) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?	✓		III. The operation status of reporting system (I) The Company has established the “illegal, unethical or dishonest conduct complaint handling methods,” set up convenient reporting channels and assigned appropriate dedicated personnel to handle complaints against the reported parties, as detailed below: 1. Report channels: Report in person, via telephone or through the independent reporting mailbox (Tyntek Official website\ Sustainability\ Anti-corruption Reporting Mailbox (audit@serv.tyntek.com.tw). In 2023, 2 cases were reported. No concrete evidence was found after investigation by the relevant	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(II)Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	✓		departments and the cases were dismissed. 2. Receiving Units and Appropriate Dedicated Personnel (1) Spokesperson and Independent Directors: Accept complaints from shareholders, investors and other stakeholders. (2) Integrity Management Promotion Team and Internal Audit Department Supervisor: Accept complaints from Company employees, customers, suppliers, contractors, etc. 3. Reward: In addition to handling the matter according to the laws and regulations, or relevant Company regulations, the whistleblower shall be provided with appropriate rewards for reported cases that are verified to be true and involve serious circumstances (a reward of NT\$1,000 to NT\$10,000 shall be provided based on the severity of the case according to Article 21 of the Company's "Procedures for Ethical Management and Guidelines for Conduct"). (II)Acceptance Principles, Investigation Procedures and Handling Deadlines: 1. Anonymous complaints: The complaint must include at least an address, telephone number or email address where the complainant can be contacted. Otherwise, it will not be processed. However, a case can still be opened for internal review if the complaint content necessitates investigation.	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(III) Does the company take measures to protect the informant from improper treatment?			2.Pseudonymous complaints: The receiving unit shall first clarify the intent and specific facts of the complaint. If it is believed that there is a possibility of law violations, or unethical or dishonest behaviors, the evidence shall be attached and reported to the general manager for handling. 3.Written records of the complaint acceptance, investigation process and investigation results shall be retained and preserved for 5 years. They may be preserved electronically. Before the expiration of the retention period, if a lawsuit related to the content of the complaint arises, the relevant data shall continue to be preserved until the end of the lawsuit. (III) Whistleblower Protection Measures 1.The Company shall handle the reported cases confidentially, verify the facts through independent channels and make every effort to protect the whistleblower. The whistleblower's identity shall be kept strictly confidential. 2.If the whistleblower is an employee, the Company shall guarantee that the employee will not suffer any improper treatment due to the report. 3.To protect the rights of the opposing party in the complaint report and prevent retaliation, the Company must provide the opposing party with an opportunity to appeal and hold a personnel review hearing if necessary.	No material deviation is found.

Assess criteria	Operation (Note 1)			(III) Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
IV. Enhance information disclosure Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	✓		The Company discloses the ethical corporate management philosophy, code of conducts, and related principles of corporate governance.	No material deviation is found.
V. If the company has its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: The Company has established the Ethical Corporate Management Best Practice Principles, and conducting the operating activities based on the following principles: 1. Avoid engaging in acts that violate unfair competition; 2. Truly fulfill tax obligations; 3. Anti-bribery and corruption, and establish an appropriate management system; 4. Enterprise donations must comply with internal management regulations, as the basis for implementing the ethical corporate management.				
VI. Other important information that helps to understand the company's ethical corporate management operation (such as the company's review and revision of the company's Ethical Corporate Management Best Practice Principles, etc.): 1. Manufacturers in business relationships are required to sign a letter of commitment to ethics, integrity and confidentiality, and the promise note of code of conducts for the Company's personnel engaged in various businesses, to comply with the Company's employees' code of conducts. An unethical conducts by the Company's personnel may be reported to the dedicated of the Company any time, so that the employees fully understand the Company's determination to ethical corporate management and to strengthen trainings. 2. To accommodate the amendment to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" by Taiwan Stock Exchange Corporation, requiring public companies to establish the internal operating procedures for material information, including the assessment procedures for releasing material information, retention of approval records, and the treatment of violation or negligence, among other system. The Company has amended the "Procedures for Handling Material Inside Information and Management for Preventing Insider Trading," approved by the board of directors on November 2, 2022, so that the rigorous assessment process is adopted for releasing material information, to ensure the timeliness, accuracy, and integrity of material information released.				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

1. The Company has implemented the following policies in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies":

- (1) Corporate Governance Code of Conduct
- (2) Shareholder Meeting Conference Rules
- (3) Regulations Governing Procedure for Board of Directors Meetings

- (4) Directors Election Policy
 - (5) Asset Acquisition and Disposal Procedures
 - (6) Endorsement and Guarantee Procedures
 - (7) External Party Lending Procedures
 - (8) Subsidiary Supervision and Management Policy
 - (9) Related Party and Group Affiliate Transaction Procedures
 - (10) Seal Management Policy
 - (11) Acting Duty Policy
 - (12) Manager Authority Division Rules
 - (13) Financial and Non-financial Information Management Policy
 - (14) Procedures for Handling Material Inside Information and Management for Preventing Insider Trading
 - (15) Ethical Corporate Management Best Practice Principles
 - (16) Procedures for Ethical Management and Guidelines for Conduct
 - (17) Code of Ethical Conduct
 - (18) Standard Operating Procedures for Resolving Directors' Requests
 - (19) Regulations for Reporting Illegal, Unethical, and Dishonest Conduct
 - (20) Rules for Performance Evaluation of Board of Directors
2. Methods of inquiry: The Company's financial, business, and corporate governance information has been disclosed on corporate website <http://www.tyntek.com.tw/>;
corporate governance-related policies and rules can be found on Market Observation Post System <http://mops.twse.com.tw/>.

(VIII) Other information material to the understanding of corporate governance within the Company:

- 1. To enhance the timeliness, accuracy, and integrity of material information, the “Procedures for Handling Material Inside Information and Management for Preventing Insider Trading” was amended to cope with the competent authority’s announcement, to establish the systems including assessment procedures for releasing material information, retention of approval records, and the treatment of violation or negligence.
- 2. The Company has notified all directors, managers, and employees of its "Procedures for Handling Material Inside Information and Management for Preventing Insider Trading" to facilitate proper handling of material insider information. These procedures have also been published on the Intranet to ensure compliance from all employees, and thereby avoid violation and occurrence of insider trading.
- 3. To ensure compliance, all new directors, managers, and insiders are given a copy of "Director Handbook" and "Notes on Insider Shareholding and Related Regulations" when reporting to duty.

4. Directors', supervisors', and managers' participation in corporate governance-related training in 2023:

Title	Name	Name of course/hours	Continuing education organizer
Chairman	Chou Wen-Long	How do directors and supervisors with non-financial accounting background review financial statements/3 hours How to carry out equity planning and organizational structure design of start-ups/3 hours Corporate Growth Strategy and External Innovation /3 hours How Do Directors and Supervisors Supervise Risk Management and Crisis Management, and Strengthen Corporate Governance/3 hours	Securities & Futures Institute Taiwan Corporate Governance Association Taiwan Corporate Governance Association Taiwan Corporate Governance Association
Previous Chairman	Lee, Biing-Jye (discharged on December 25, 2023)	Case study of fraud in corporate financial statements / 3 hours Corporate Growth Strategy and External Innovation/3 hours	Taiwan Corporate Governance Association Taiwan Corporate Governance Association
Director	Su, Feng-Cheng (Newly elected on December 25, 2023)	Corporate reputation risk management/3 hours Impacts of Climate Change Risks on Corporate Financial Disclosures/3 hours	Taiwan Corporate Governance Association Taiwan Corporate Governance Association
Previous director	Huang, Deng-Huei (discharged on December 25,	Corporate reputation risk management/3 hours Impacts of Climate Change Risks on Corporate Financial Disclosures/3 hours How Do Directors and Supervisors Supervise Risk Management and Crisis Management, and Strengthen Corporate Governance/3 hours	Taiwan Corporate Governance Association Taiwan Corporate Governance Association Taiwan Corporate Governance Association

Title	Name	Name of course/hours	Continuing education organizer
	2023)		
Director	Lee Jung-Huan	How do directors and supervisors with non-financial accounting background review financial statements/3 hours How Should Directors and Supervisors Supervise Enterprise Risk Management and Crisis Handling/3 hours How Do Directors and Supervisors Supervise Risk Management and Crisis Management, and Strengthen Corporate Governance/3 hours	Securities & Futures Institute Securities & Futures Institute Taiwan Corporate Governance Association
Independent Director	Liu, Yin-Fei	2023 Cathay Sustainable Finance and Climate Change Summit Forum/6 hours Initiation of the legacy plan - employee compensation plan and equity legacy/3 hours	Taiwan Stock Exchange Corporation Taiwan Corporate Governance Association
Independent Director	Chiang, Huei-Chung	Corporate Resilience Taiwan's Competitiveness/3 hours Sustainability Action Plan Seminar for Stock Market-Listed Companies/3 hours 2023 Cathay Sustainable Finance and Climate Change Summit Forum/3 hours	Chinese National Association of Industry and Commerce TWSE and TPEx Taiwan Stock Exchange Corporation
Independent Director	Hsieh, Chia-Ying	Technical Development and Business Opportunities of Electric Vehicles or Smart Vehicles/3 hours Silicon Photonics Defined Network: Theory and development trend of silicon photonics and co-packaged optics	Taiwan Corporate Governance Association Taiwan Corporate Governance Association
Corporate Governance Manager and Head of Finance	Chiu Mei-Ling	How Do Directors and Supervisors Supervise Risk Management and Crisis Management, and Strengthen Corporate Governance/3 hours Corporate Governance 3.0, Capital Market Blueprint and Green Financing/3 hours Net Zero Sustainable Talent Incubation Course "Northern Taiwan" - Enterprises' Low-carbon Transformation Strategy/9 hours	THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES Taiwan Corporate Governance Association
Head of Accounting	Li Hsiao-Ping	Attitudes of the competent authorities and the judiciary towards accounting frauds in recent years and case sharing/3 hours Enterprise financial statement analysis and CPA audit report analysis/6 hours	THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES

Title	Name	Name of course/hours	Continuing education organizer
		There were 2 employees in "Corporate Governance Personnel Functions and Tasks" for a total of 6 hours.	THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES

4. The liability insurance for directors: purchased by the Company in 2023:

Insured	Insurer	Amount of coverage	Beginning and ending of the coverage
All directors	Fubon Insurance Co., Ltd.	US\$5 million	March 1, 2023~March 1, 2024
All directors	Fubon Insurance Co., Ltd.	US\$5 million	March 1, 2024~March 1, 2025

Note: The insured amount, coverage and premium rate of the renewed director and supervisor liability insurance were reported to the board of directors on February 21, 2024.

5. Attainment of mandatory certification by personnel involved in financial information transparency:

Name of certification	Count
Certified Internal Auditor (CIA)	2
Certification in Control Self-Assessment (CCSA)	2

(IX) Implementation of the internal control system

1. Declaration of Internal Control System

TYNTEK Corporation

Declaration of Internal Control System

Date: February 21, 2024

The internal control system of the year 2023, according to the result of self-assessment is thus stated as follows:

- I. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal control system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
- II. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
- III. The Company judges the effectiveness of design and implementation for the internal control system, pursuant to criteria of effectiveness for the internal system specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter “the Regulations”). The criteria for internal control adopted by “Regulations” are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments; 3. Control activities; 4. Information and communication; and 5. Monitoring activities. Each element also includes a certain number of items. For the foregoing items, refer to “Regulations”.
- IV. The Company has adopted the aforesaid criteria for internal control to evaluate the effectiveness of design and execution of internal control system.
- V. Based on the above-mentioned result of evaluation, the company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting the compliance of applicable law and regulations has been effective on December 31, 2023, and they can reasonably assure the aforesaid goals have been achieved.
- VI. The Declaration will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Act.
- VII. This Declaration has been approved by the meeting of Board of Directors on February 21, 2024, and those seven directors in presence all agreed at the contents of this statement, with

no one had dissent.

TYNTEK Corporation

Chairman: Chou Wen-Long

President: Lee Jung-HuanLee, Jung-Huan

2. CPA's review on internal control system: None.

(X) Penalties imposed against the Company for regulatory violation, or penalties against insiders for violation of internal control system in the most recent year up until the publication date of annual report; describe areas of weakness and any corrective actions taken: None.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up until the publication date of this annual report:

1. Major resolutions passed in shareholder meetings and the execution progress

Date of meeting	Major resolutions	Execution progress
May 29, 2023	1. Recognition of the 2022 Business Report and Financial Statements.	Resolution passed during the 2023 shareholder meeting.
	2. Recognition of 2022 deficit compensation proposal.	Resolution passed during the 2023 shareholder meeting.
	3. Approve the amendment to the "Articles of Incorporation."	On June 9, 2023, the Company was approved to be registered by the Hsinchu Science Park Bureau of the National Science and Technology Council and announced on the Company's website.
	4. Approved the amendments to the "Rules of Procedure for Shareholders' Meetings".	Announced on the Company's website in the section of the Corporate Governance Relevant Rules and Regulations on May 30, 2023.
	5. Approved the amendment to the "Procedures for Acquisition and Disposal of Assets."	It was disclosed on the MOPS, annual report, section specific for shareholders' meetings, and the Company's website on June 6, 2023:

2. Major resolutions of board of directors meetings

Date of meeting	Major resolutions and execution
The 13th term 11th meeting 2023/2/22	● Approved the 2022 "Internal Control System Effectiveness Review" and issuance of the Company's "Declaration of Internal Control System" ● Approved the Company's 2022 financial statements and consolidated financial statements ● Approved the Company's 2022 business report ● Adoption of the Proposal for 2022 Deficit Compensation ● Approved the evaluation and review of CPA's professional service fees and independence ● Amendments to the Articles of Incorporation ● Passed amendments to the Company's "Shareholder Meeting Conference Rules" ● Approved the amendment to the Company's various management procedures. ● Passed the date, time, venue, and agenda of the Company's 2023 shareholder meeting ● Passed details concerning acceptance of shareholders' proposals for the Company's 2023 annual general meeting

Date of meeting	Major resolutions and execution
	● Passed the decision to apply for credit facilities with financial institutions ● Approved to ratify the engagement in derivative trading ● Proposal to elect a vice chairman for the Company. ● Approved the proposal to replace the managerial officer of Zhunan Branch.
The 13th term The 12th meeting May 3, 2023	● Passed amendments to the Company's internal control system and internal audit implementation rules ● Approved the Company's consolidated financial statements for the 1st quarter 2023 ● Approved lending from the Company to subsidiary - Keeper Technology Co., Ltd. ● Approved the revision of the Company's "accounting system" ● Passed the decision to apply for credit facilities with financial institutions ● Approved to ratify the engagement in derivative trading ● Approved the reassignment of directors and supervisors in Long Benefit Investment Co., Ltd., the Company's subsidiary ● Approved the review of the Company's 2021 second allocation of employee remuneration for managers.
The 13th term The 13th meeting August 2, 2023	● Approved the Company's consolidated financial statements for the 2nd quarter 2023 ● Approved the establishment of the Company's "Regulations Governing the Review of Pre-approved Non-Assurance Service Policy" ● Passed the decision to apply for credit facilities with financial institutions ● Approved to ratify the engagement in derivative trading
The 13th term The 14th meeting November 1, 2023	● Approved the establishment of the Company's "Sustainable Development Best Practice Principles" ● Approved the Company's "2024 internal audit plan" ● Approved the motion to amend the Company's internal control system and internal audit implementation rules ● Approved the Company's consolidated financial statements for the 3rd quarter 2023 ● Approved to ratify the engagement in derivative trading ● Approved the Company's appointment of legal representative for subsidiaries ● Approved the ratification of the proposal for adjusting 2023 remunerations for the Company's managerial officers ● Passed the proposal for the 2023 annual continuing service bonus for the Company's elite talents
The 13th term The 15th meeting December 20, 2023	● Approved the 2024 budget for remunerations. ● Approved the payment of 2023 year-end bonus for the Company's managerial officers ● Approved the review of the Company's 2021 third allocation of employee remuneration for managers. ● Approved the appointment and promotion of managerial officers ● Approved the review of the Company's 2023 capital expenditure budget additional reduction

Date of meeting	Major resolutions and execution
	● Approved the review of the Company's 2024 annual business plan and capital expenditure budget
The 13th term The 16th meeting December 27, 2023	● By-election of the Company's Chairman
The 13th term The 17th meeting February 21, 2023	● Approved the 2023 "Internal Control System Effectiveness Review" and issuance of the Company's "Declaration of Internal Control System" ● Approved the motion to amend the Company's internal control system and internal audit implementation rules ● Approved the Company's 2023 financial statements and consolidated financial statements ● Approved the Company's 2023 business report ● Approved the Company's 2023 earnings appropriation ● Approved the evaluation and review of CPA's professional service fees and independence ● Passed amendments to some of the Company's "Shareholder Meeting Conference Rules" ● Amendments to certain provisions of the "Procedures for Acquisition and Disposal of Assets" ● Approved the amendment to some of the Company's various management procedures. ● Approved the election of the Directors, 14th Term ● Passed the date, time, venue, and agenda of the Company's 2024 shareholder meeting ● Approved matters related to the Company's acceptance of shareholder proposals and nomination of directors (including independent directors) for the 2024 annual general shareholders' meeting ● Ratification of reassignment of representatives, managers, directors and supervisors of the Company's subsidiaries

(XII) Documented opinions or declarations made by directors against board resolutions in the most recent year, up until the publication date of annual report: None.

(XIII) Resignation or dismissal of personnel related to financial statement preparation (including the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer, and head of R&D)

Related Personnel of the Company Summarized Table

March 31, 2024

Title	Name	Inauguration date	Discharge date	Reason of resignation or discharge
Chairman	Lee, Biing-Jye	2021/7/2	December 25, 2023	Resigned

III. CPAs' Professional Service Fees

Unit: NTD thousands

Name of CPA firm	CPA Name	Audit period	Auditing fee	Non-auditing fee	Total	Remarks
Deloitte Taiwan	Su-Li Fang	January 1, 2023 - December 31, 2023	3,320	240	3,560	Non-auditing fees all were service fees for the preparation of transfer pricing report
	Chen, Ming-Hui					

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services, if the sum of non-audit fees paid to the CPA, accounting firm, and affiliated companies amount to more than one-quarter of total CPA remuneration: None.

(II) Change of accounting firm that resulted in a reduction of audit fee from the previous year; disclose audit fee before and after the change and the amount, percentage, and cause of such change: Not applicable.

(III) Any reduction in audit remuneration by more than 15% compared to the previous year; state the amount, the percentage, and reason of such variation: None.

IV. Change of CPA: None

V. Any of the Company's Chairman, President, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year: None.

VI. Details of shares transferred or pledged by directors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report:

Changes in shareholdings of directors, managerial officers and major shareholders:

Unit: shares

Title	Name	2023		2024 up to March 31	
		Number of shares held Increased (decreased)	Pledged shares Increased (decreased)	Number of shares held Increased (decreased)	Pledged shares Increased (decreased)
Chairman and Chief Strategy Officer	Chou Wen-Long	0	0	0	0
Director (Note 2)	Liang Dian Investment Co., Ltd.	0	0	0	0
	Representative Su, Feng-Cheng	0	0	0	0
Director (Note 2)	Wei Ban Investment Corporation	0	0	0	0
	Representative Li Cun-Chung	0	0	0	0
Director (Note 2)	Ennostar Inc.	0	0	0	0
	Representative Lee Jung-Huan	0	0	0	0
Independent Director (Note 2)	Liu, Yin-Fei	0	0	0	0
Independent Director (Note 2)	Chiang, Huei-Chung	0	0	0	0
Independent Director (Note 2)	Hsieh, Chia-Ying	0	0	0	0
President	Lee Jung-Huan (Note 3)	110,000	0	30,000	0
Vice President	Peng Chao-Kun	0	0	0	0
Vice President	Lin Te-Cheng	30,000	0	(19,000)	0
Vice President	Lu Shao-Rong	0	0	0	0

Title	Name	2023		2024 up to March 31	
		Number of shares held Increased (decreased)	Pledged shares Increased (decreased)	Number of shares held Increased (decreased)	Pledged shares Increased (decreased)
Vice President and Head of Finance and Corporate Governance	Chiu Mei-Ling	0	0	0	0
Head of Innovation R&D Center	Yu Chia-Chun (Note 4)	0	0	0	0
Finance Division - Head of Accounting	Li Hsiao-Ping	0	0	0	0

Note 1: The Company has no shareholder holding more than 10% of the shares.

Note 2: Took office as director and independent director on July 2, 2021; the change in the shareholding is the information after taking office.

Note 3: Inaugurated on May 24, 2021; the change in the shareholding is the information after the inauguration.

Note 4: Inaugurated on January 1, 2024; the change in the shareholding is the information after the inauguration.

Information of equity transfer

Name	Reason of equity transfer	Transaction date	Counterparty of transaction	Relationship between counterparties of transactions with the Company, director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent	No. of shares	Transaction price
None						

Information of equity pledge

Name	Reason of pledge	Change date	Counterparty of transaction	Relationship between counterparties of transactions with the Company, director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent	No. of shares	Shareholding percentage (%)	Pledge percentage (%)	Amount of pledge (redemption)
None								

VII. Relationships characterized as spouse or relatives within 2nd degree of kinship among top-ten shareholders

Relation among top ten shareholders in terms of shareholding percentage

March 31, 2024 Unit: shares, %

Name	Shareholding by him/herself		Shareholding of spouses and children of minor age		Shareholding by nominee arrangement		Among the top ten shareholders, who are related parties as defined in IFRS and IAS, or spouses or relatives within 2nd degree of kinship, their names and relationships.		Remarks
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relationship	
Ennostar Inc. Representative Peng Shuang-Lang	23,799,000	7.916	0	0	0	0	Harvestar Investment Corp.;	Harvestar Investment Corp. and Calystar Investment Corp. are subsidiaries of Ennostar Inc.	—
	0	0	0	0	0	0	Calystar Investment Corp.		—
Harvestar Investment Corp. Representative Peng Shuang-Lang	13,089,000	4.353	0	0	0	0	Harvestar Investment Corp.;		—
	0	0	0	0	0	0	Calystar Investment Corp.		—
Calystar Investment Corp. Representative Peng Shuang-Lang	8,094,000	2.692	0	0	0	0	Ennostar Inc.;		—
	0	0	0	0	0	0	Harvestar Investment Corp.		
Bosco Foo	7,823,999	2.602	5,004,997	1.664	0	0	Yan-Kang Fu-Li	Spouse	
Ching-Ho Hsu	5,593,530	1.8601	180,455	0.060	0	0	—	—	—
Hsieh, Chao-Bao	5,102,000	1.697	0	0	0	0	—	—	
Yan-Kang Fu-Li	5,004,997	1.664	7,823,999	2.602	0	0	Bosco Foo	Spouse	—
Vanguard Emerging Market Equity Fund Special Account, under custody of JPMorgan Chase Bank Taipei Branch	4,262,000	1.418	0	0	0	0	—	—	—

Shi-Chiang, Hsiung	4,160,729	1.384	210,437	0.070	0	0	—	—	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,883,095	1.291	0	0	0	0	—	—	

VIII. Investments jointly held by the Company's directors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

Total shareholding percentage

March 31, 2024

Unit: shares, %

Re-invested business	Investment by the Company		Directors, managerial investments indirectly business		supervisors, officers and directly controlling the		Total investment	
	No. of shares	Shares Ratio	No. of shares	Shares Ratio	No. of shares	Shares Ratio	No. of shares	Shares Ratio
TEK Holding Co., Ltd.	6,700,000	100.00	0	0	6,700,000	100.00		
Keeper Technology	2,033,427	16.41	4,044,719	32.65	6,078,146	49.06		
Long Benefit Investment Co., Ltd.	28,748,562	100.00	0	0	28,748,562	100.00		
Hsinjing Holding Co., Ltd.	17,794,077	22.79	364,529	0.46	18,178,606	23.25		
Keyway International L.L.C.	—	—	—	100.00	—	100.00		
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	—	—	—	100.00	—	100.00		
Global Unity Int'l Co, Ltd.	—	—	1,000,000	100.00	1,000,000	100.00		
Greation New Technology Inc.	—	—	1,000,000	100.00	1,000,000	100.00		

Note 1: Disposal of long-term investments in equity using equity method.

Four. Capital Overview

I. Capital and shares

(I) Share category

March 31, 2024 Unit: share

Share category	Authorized capital				Remarks
	Outstanding shares (TWSE-listed shares)	Treasury stock	Unissued shares	Total	
Common shares	300,622,252	0	399,377,748	700,000,000	—

(II) Sources of share capital

Unit: shares; NTD

Year / month	Issuan ce Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in propertie s other than cash	Others
1987.04	10,000	3,600	36,000,000	900	9,000,000	Founded with initial cash capital of NT\$9,000,000	-	-
1977.09	10,000	5,000	50,000,000	5,000	50,000,000	Cash issue NT\$ 41,000,000	-	-
1989.09	10	10,000,000	100,000,000	7,000,000	70,000,000	Cash issue NT\$ 20,000,000	-	-
1992.03	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash issue NT\$ 30,000,000	-	-
1994.01	10	20,000,000	200,000,000	13,000,000	130,000,000	Cash issue NT\$ 30,000,000	-	-
1995.05	10	20,000,000	200,000,000	18,000,000	180,000,000	Cash issue NT\$ 50,000,000	-	-
1996.09	10	32,000,000	320,000,000	30,000,000	300,000,000	Cash issue NT\$ 120,000,000	-	Letter No. (85)-Tai- Tsai-Cheng- (I)-39772 dated 1996.6.27
1996.10	10	60,000,000	600,000,000	43,000,000	430,000,000	Cash issue NT\$ 100,000,000 Capitalization of earnings NT\$ 15,000,000 Capitalization of capital reserves NT\$ 15,000,000	-	Letter No. (86)-Tai- Tsai-Cheng- (I)-52245 dated 1997.7.7
1998.06	10	60,000,000	600,000,000	52,410,000	524,100,000	Capitalization of earnings	-	Letter No. (87)-Tai-

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						NT\$ 51,100,000 Capitalization of capital reserves NT\$ 43,000,000		Tsai-Cheng-(I)-44690 dated 1998.5.21
1999.04	10	100,000,000	1,000,000,000	72,410,000	724,100,000	Cash issue NT\$ 200,000,000	-	Letter No. (88)-Tai-Tsai-Cheng-(I)-13796 dated 1999.2.44
1999.08	10	100,000,000	1,000,000,000	85,071,600	850,716,000	Capitalization of earnings NT\$ 75,929,000 Capitalization of capital reserves NT\$ 50,687,000	-	Letter No. (88)-Tai-Tsai-Cheng-(I)-61314 dated 1999.7.6
2000.08	10	200,000,000	2,000,000,000	98,862,340	988,623,400	Capitalization of earnings NT\$ 52,835,800 Capitalization of capital reserves NT\$ 85,071,600	-	Letter No. (89)-Tai-Tsai-Cheng-(I)-60740 dated 2000.7.13
2001.10	10	200,000,000	2,000,000,000	115,429,691	1,154,296,910	Capitalization of earnings NT\$ 76,697,404 Capitalization of capital reserves NT\$ 88,976,106	-	Letter No. (90)-Tai-Tsai-Cheng-(I)-142328 dated 2001.7.3
2002.04	10	200,000,000	2,000,000,000	115,861,341	1,158,613,410	Conversion of convertible bond CB1 NT\$4,316,500	-	Letter No. Yuan-Shang-0910007392 dated 2002.3.26
2002.10	10	200,000,000	2,000,000,000	129,178,733	1,291,787,330	Capitalization of earnings NT\$ 38,168,410 Capitalization of capital reserves NT\$ 23,172,270 Conversion of convertible bond CB1 NT\$	-	Letter No. Yuan-Shang-0910023372 dated 2002.10.11

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						71,833,240		
2002.10	10	200,000,000	2,000,000,000	129,728,841	1,297,288,410	Conversion of convertible bond CB1 NT\$ 5,501,080	-	Letter No. Yuan-Shang-0910024714 dated 2002.10.17
2002.12	10	200,000,000	2,000,000,000	154,728,841	1,547,288,410	Cash issue NT\$ 250,000,000	-	Letter No. Yuan-Shang-0910029230 dated 2002.12.09
2003.01	10	200,000,000	2,000,000,000	154,916,272	1,549,162,720	Conversion of convertible bond CB1 NT\$ 1,874,310	-	Letter No. Yuan-Shang-0920001181 dated 2003.01.07
2003.09	10	200,000,000	2,000,000,000	163,705,086	1,637,050,860	Capitalization of earnings NT\$ 41,413,250 Capitalization of capital reserves NT\$ 46,474,890	-	Letter No. Yuan-Shang-0920025316 dated 2003.09.15
2004.03	10	200,000,000	2,000,000,000	164,116,265	1,641,162,650	Conversion of convertible bond CB2 NT\$ 4,111,790	-	Letter No. Yuan-Shang-0930006808 dated 2004.03.19
2004.07	10	200,000,000	2,000,000,000	177,644,181	1,776,441,810	Conversion of convertible bond CB2 NT\$ 135,279,160	-	Letter No. Yuan-Shang-0930018916 dated 2004.07.14
2004.08	10	300,000,000	3,000,000,000	188,247,373	1,882,473,730	Capitalization of earnings NT\$ 70,623,150 Capitalization of capital reserves NT\$ 35,408,770	-	Letter No. Yuan-Shang-0930022125 dated 2004.08.19
2004.10	10	300,000,000	3,000,000,000	188,489,539	1,884,895,390	Conversion of convertible bond CB2 NT\$ 2,421,660	-	Letter No. Yuan-Shang-0930028697 dated 2004.10.13
2005.01	10	300,000,000	3,000,000,000	189,547,230	1,895,472,300	Conversion of convertible bond CB2 NT\$ 10,576,910	-	Letter No. Yuan-Shang-0940000703 dated 2005.01.11

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
2005.08	10	300,000,000	3,000,000,000	200,243,069	2,002,430,690	Capitalization of earnings NT\$ 106,094,200 Conversion of convertible bond CB1 NT\$ 864,190	-	Letter No. Yuan-Shang-0940022258 dated 2005.08.17
2005.10	10	300,000,000	3,000,000,000	231,378,729	2,313,787,290	Conversion of convertible bond CB1 NT\$ 588,220 Conversion of convertible bond CB2 NT\$ 81,560,810 Conversion of convertible bond CB3 NT\$ 229,207,570	-	Letter No. Yuan-Shang-0940027948 dated 2005.10.14
2006.01	10	300,000,000	3,000,000,000	234,974,967	2,349,749,670	Conversion of convertible bond CB1 NT\$ 8,300,630 Conversion of convertible bond CB2 NT\$ 185,180 Conversion of convertible bond CB3 NT\$ 27,476,570	-	Letter No. Yuan-Shang-0950000596 dated 2006.01.11
2006.03	10	300,000,000	3,000,000,000	237,628,159	2,376,281,590	Conversion of convertible bond CB1 NT\$ 1,895,410 Conversion of convertible bond CB2 NT\$ 13,888,860 Conversion of convertible bond CB3 NT\$ 10,747,650	-	Letter No. Yuan-Shang-0950006225 dated 2006.03.17
2006.07	10	300,000,000	3,000,000,000	239,656,020	2,396,560,200	Conversion of convertible bond CB2	-	Letter No. Yuan-Shang-0950018501

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						NT\$ 10,185,170 Conversion of convertible bond CB3 NT\$ 10,093,440		dated 2006.07.17
2006.10	10	350,000,000	3,500,000,000	239,665,279	2,396,652,790	Conversion of convertible bond CB2 NT\$ 92,590	-	Letter No. Yuan-Shang-0950026886 dated 2006.10.14
2006.11	10	350,000,000	3,500,000,000	254,110,360	2,541,103,600	Capitalization of capital reserves NT\$ 33,553,140 Capitalization of earnings NT\$ 110,897,670	-	Letter No. Yuan-Shang-0950030189 dated 2006.11.14
2007.08	10	350,000,000	3,500,000,000	272,081,609	2,720,816,090	Capitalization of capital reserves NT\$ 50,822,080 Capitalization of earnings NT\$ 124,872,590 Conversion of convertible bond CB4 NT\$ 4,017,820	-	Letter No. Yuan-Shang-0960023280 dated 2007.08.30
2007.12	10	350,000,000	3,500,000,000	283,557,706	2,835,577,060	Conversion of convertible bond CB4 NT\$ 68,340,920 Conversion of convertible bond CB5 NT\$ 46,420,050	-	Letter No. Yuan-Shang-0960035258 dated 2007.12.26
2008.03	10	350,000,000	3,500,000,000	283,645,142	2,836,451,420	Conversion of convertible bond CB4 NT\$ 635,890 Conversion of convertible bond CB5 NT\$ 238,470	-	Letter No. Yuan-Shang-0970005681 dated 2008.03.03
2008.08	10	350,000,000	3,500,000,000	307,856,236	3,078,562,360	Capitalization of capital	-	Letter No. Yuan-Shang-

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						reserves NT\$ 83,593,540 Capitalization of earnings NT\$ 151,681,250 Conversion of convertible bond CB4 NT\$ 6,677,180 Conversion of convertible bond CB5 NT\$ 158,970		0970023975 dated 2008.08.28
2009.09	10	500,000,000	5,000,000,000	316,791,923	3,167,919,230	Capitalization of capital reserves NT\$ 89,356,870	-	Letter No. Yuan-Shang-0980024798 dated 2009.09.07
2009.12	10	500,000,000	5,000,000,000	341,823,741	3,418,237,410	Cash issue NT\$ 250,000,000 Conversion of convertible bond CB5 NT\$ 318,180	-	Letter No. Yuan-Shang-0980036547 dated 2009.12.29
2010.04	10	500,000,000	5,000,000,000	342,062,264	3,420,622,640	Conversion of convertible bond CB5 NT\$ 2,343,290 Conversion of convertible bond CB7 NT\$ 41,940	-	Letter No. Yuan-Shang-0990009101 dated 2010.04.08
2010.05	10	500,000,000	5,000,000,000	342,110,472	3,421,104,720	Conversion of convertible bond CB5 NT\$ 230,410 Conversion of convertible bond CB6 NT\$ 251,670	-	Letter No. Yuan-Shang-0990012293 dated 2010.05.05
2010.11	10	500,000,000	5,000,000,000	342,408,288	3,424,082,880	Conversion of convertible bond CB6 NT\$ 1,719,780 Conversion of convertible bond CB7 NT\$	-	Letter No. Yuan-Shang-0990032936 dated 2010.11.04

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						1,258,380		
2011.03	10	500,000,000	5,000,000,000	342,551,144	3,425,511,440	Conversion of convertible bond CB5 NT\$ 1,428,560	-	Letter No. Yuan-Shang-1000008703 dated 2011.03.29
2011.05	10	500,000,000	5,000,000,000	343,826,311	3,438,263,110	Conversion of convertible bond CB6 NT\$ 2,265,100 Conversion of convertible bond CB7 NT\$ 10,486,570	-	Letter No. Yuan-Shang-1000013650 dated 2011.05.13
2012.08	10	500,000,000	5,000,000,000	361,017,627	3,610,176,270	Capitalization of capital reserves NT\$ 171,913,160	-	Letter No. Yuan-Shang-1010027503 dated 2012.08.31
2014.09	10	500,000,000	5,000,000,000	239,245,327	2,392,453,270	Reduction of share capital against cumulative losses NT\$ 1,217,723,000	-	Letter No. Zhu-Shang-1030026129 dated 2014.09.09
2014.10	10	500,000,000	5,000,000,000	235,931,842	2,359,318,420	Retirement of treasury stock NT\$ 33,134,850	-	Letter No. Zhu-Shang-1030031390 dated 2014.10.28
2015.03	10	500,000,000	5,000,000,000	275,931,842	2,759,318,420	Cash issue NT\$ 400,000,000	-	Letter No. Zhu-Shang-1040007390 dated 2015.03.18
2016.04	10	500,000,000	5,000,000,000	290,547,127	2,905,471,270	Conversion of convertible bond CB8 NT\$ 146,152,850	-	Letter No. Zhu-Shang-1050009280 dated 2016.4.11
2016.05	10	500,000,000	5,000,000,000	292,783,440	2,927,834,400	Conversion of convertible bond CB8 NT\$ 22,363,130	-	Letter No. Zhu-Shang-1050013747 dated 2016.5.20
2017.05	10	500,000,000	5,000,000,000	293,658,971	2,936,589,710	Conversion of convertible bond CB8	-	Letter No. Zhu-Shang-1060013443

Year / month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of share capital	Paid in properties other than cash	Others
						NT\$ 8,755,310		dated 2017.5.19
2017.07	10	500,000,000	5,000,000,000	295,238,361	2,952,383,610	Conversion of convertible bond CB8 NT\$ 15,793,900		Letter No. Zhu-Shang-1060020109 dated 2017.7.24
2017.11	10	500,000,000	5,000,000,000	299,077,472	2,990,774,720	Conversion of convertible bond CB8 NT\$ 38,391,110		Letter No. Zhu-Shang-1060032106 dated 2017.11.24
2018.02	10	500,000,000	5,000,000,000	299,817,868	2,998,178,680	Conversion of convertible bond CB8 NT\$ 7,403,960		Letter No. Zhu-Shang-1070005867 dated 2018.2.12
2018.04	10	500,000,000	5,000,000,000	300,622,252	3,006,222,520	Conversion of convertible bond CB8 NT\$ 8,043,840		Letter No. Zhu-Shang-1070011201 dated 2018.4.16

Note 1: Face value has been changed from NT\$10,000 per share to NT\$10 per share since September 1989

Note 2: CB1 converted a total of 9,517,358 shares, CB2 converted a total of 25,830,213 shares, CB3 converted a total of 27,752,523 shares, CB4 converted a total of 7,967,181 shares, CB5 converted a total of 5,113,793 shares, CB6 converted a total of 423,655 shares, CB7 converted a total of 1,178,689 shares, and CB8 converted a total of 24,690,410 shares.

(III) Shareholder structure

Record date: March 31, 2024, Unit: shares

Shareholder structure Volume	Government agencies	Financial institution	Other institutions	Foreign institutions and foreigners	Individual	Treasury stock	Total
Count	1	0	283	123	75,547	0	75,954
No. of shares held	2	0	54,116,069	28,761,126	217,745,055	0	300,622,252
Shareholding percentage (%)	0.00	0.00	18.01%	9.56%	72.43%	0	100.00

Note: The first TWSE/TPEX and emerging stock market listing companies shall disclose the shareholding percentage of Chinese capitals, defined as the individuals, institutions, groups, other institutions, or their invested companies in any third areas set for in Article 3, the Regulations Governing Permission of Investments Made in Taiwan by People from Mainland China.

(IV) Shareholding Distribution

March 31, 2024 unit: shares

Shareholding Tiers	Number of Shareholders	No. of shares held	Shareholding percentage %
1 to 999	48,999	3,402,161	1.13
1,000 to 5,000	20,625	45,598,273	15.17
5,001 to 10,000	3,503	28,074,699	9.34
10,001 to 15,000	912	11,719,361	3.90
15,001 to 20,000	655	12,221,455	4.07
20,001 to 30,000	470	12,063,801	4.01
30,001 to 40,000	218	7,846,502	2.60
40,001 to 50,000	135	6,356,903	2.12
50,001 to 100,000	229	16,533,310	5.50
100,001 to 200,000	115	16,055,451	5.34
200,001 to 400,000	40	11,028,246	3.67
400,001 to 600,000	14	6,776,549	2.25
600,001 to 800,000	5	3,520,000	1.17
800,001 to 1,000,000	8	7,387,590	2.46
More than 1,000,001, may be tiered based on the actual needs	26	112,037,951	37.27
Total	75,954	300,622,252	100.00

(V) Names of major shareholders

March 31, 2024; Unit: shares

Shares	Shares held	Shareholding percentage %
Name of major shareholder		
Ennostar Inc.	23,799,000	7.92%
Harvestar Investment Corp.	13,089,000	4.35%
Calystar Investment Corp.	8,094,000	2.69%
Bosco Foo	7,823,999	2.60%
Ching-Ho Hsu	5,593,530	1.86%
Hsieh, Chao-Bao	5,102,000	1.70%
Yan-Kang Fu-Li	5,004,997	1.66%
Vanguard Emerging Market Equity Fund Special Account, under custody of JPMorgan Chase Bank Taipei Branch	4,262,000	1.42%
Shi-Chiang, Hsiung	4,160,729	1.38%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,883,095	1.29%

(VI) Market Price, Net Worth, Earnings, and Dividends per Share for the Past 2 Years

Year			2022	2023	The year ended March 31, 2024 (Note 8)
item					
Market price per share (Note 1)	Highest		30.35	21.60	19.95
	Lowest		14.70	16.25	16.25
	Average		20.83	18.30	17.73
Net worth per share (Note 2)	Before distribution		13.17	12.77	13.07
	After distribution		13.17	12.77	—
Earnings per share (EPS)	Weighted average amount of shares (thousand shares)		300,621	300,621	300,621
	Earnings per share (Note 3 and 9)	Before dividend	(0.6)	(0.44)	(0.12)
		After dividend	(0.6)	(0.44)	—
Dividends per share	Cash dividends		0	0.2	—
	Bonu shares	Shares from earnings	—	—	—
		Shares from capital reserve	—	—	—
	Accumulated unpaid dividend (note 4)		—	—	—
Analysis of ROI	Price earnings ratios (Note 5)		(34.72)	(41.59)	(147.75)
	Price to dividend ratio (Note 6)		—	91.5	—
	Dividend Yield (Note 7) %		—	1.09	—

*Where stock dividends were paid from earnings or capital reserves, market price and cash dividends per share are adjusted retrospectively for the number of new shares issued.

Note 1: The table shows the highest and lowest market price of common shares in each year; average market price

is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: Calculated based on the number of outstanding shares at year-end; amount of distribution resolved in next year's board meeting or shareholders meeting is presented in the table.

Note 3: Where stock dividends were issued, EPS are disclosed in amounts before and after retrospective adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year is disclosed separately.

Note 5: P/E ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividends ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share / average closing price per share for the current year.

Note 8: Net worth per share and earnings per share are based on auditor-reviewed data as of the first quarter of 2024. For all other fields, calculations are based on data as at the end of their respective years.

Note 9: The 2023 earnings appropriation will be distributed in cash. The board of directors has been authorized under the Articles of Incorporation to approve the decision, provided that the decision is resolved in a board of directors meeting with at least two-thirds of directors present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

(VII) Dividend policy and execution:

1. Dividend policy:

Annual surpluses concluded by the Company are first subject taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves; however, no further provision is needed when statutory reserves have accumulated to the same amount as the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. The residual balance is then added to unappropriated earnings carried from previous years (including adjustments), which the board of directors may propose to distribute or withhold to reimburse losses. Shareholders' resolution is required if the appropriation involves issuance of new shares.

The Company adopts a dividend policy that allows the board of directors to propose dividends after taking into consideration the Company's future capital requirements, long-term financial plans, and shareholders' needs for cash inflow. Profit sharing to shareholders can be paid in cash or shares, provided that the cash portion does not amount to less than 10% of total profit sharing.

Any cash distribution of dividend, profit, legal reserve or capital reserve, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

2. Earnings distribution proposed to this AGM:

On June 8, 2022, the shareholders' meeting approved the amendment to Article 18-1 of the Company's Articles of Incorporation, authorizing the Board of Directors to resolve the distribution of cash dividends every six months. The cash dividends approved by the Company's Board of Directors for 2023 are shown in the following table.

Dividend year	Date when the board of directors resolved the dividend distribution.	Cash Dividend Per Share	Total amount of earnings distribution (NTD)
2023	February 21, 2023	0.2	60,124,450

3. Explanation when the dividend policy is expected to change materially: none
(VIII) The Impact of Bonus Shares on Business Performance and EPS: not applicable

(IX) Employees' and directors' remunerations

1. Employees' and directors' remuneration percentage or ranges stated in the Articles of Incorporation:

Pursuant to the Articles of Incorporation, for the current profit before tax for a fiscal year of the Company before deduction of the remuneration of employees and the remuneration of Directors, an amount equivalent to 5% to 15% of such profit before tax shall be appropriated as the remuneration of employees and an amount not greater than 5% of such profit before tax shall be appropriated as the remuneration of the Directors. The Board of Directors resolves to distribute remunerations in shares or cash, and the employee subject to such distribution include employees of subordinate companies who meet certain conditions. Employees' and directors' remuneration distribution proposals shall be submitted to the shareholders' meeting for reporting.

However, if the Company still has accumulated losses (including adjustment of undistributed earnings amount), an amount shall be reserved for making up the accumulated loss first.

2. The estimation basis of the estimated employees' and directors' remuneration; the share calculation basis for the employees' remuneration distributed in shares, and the accounting treatment if any difference between the actual distributed amount and estimations:

- (1) The basis for estimating the amount of employee and director profit-sharing compensation: a loss is recorded for the period, so this is not applicable
- (2) The share calculation basis for the employees' remuneration distributed in shares: there is a loss before tax for the period, so this is not applicable.
- (3) The accounting treatment if any difference between the actual distributed amount and estimations: After the end of the year, if there is a material change in the amount of distribution resolved by the Board of Directors, the change shall be adjusted to the expenses at the year of recognition; if the distributed amount resolved by the Board of Directors differs from the actual distributed amount, it shall be treated as accounting estimate changes, and adjusted in the year of distribution. A loss before tax is recorded for the period, so this is not applicable.

3. Information regarding the employees' remuneration distribution approved by the Board of Directors:

- (1) Employees' and directors' remunerations distributed in cash or shares. Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed: a loss is recorded for 2023; pursuant to Article 18 of the Articles of Incorporation, no employee and director profit-sharing compensation will be distributed.
- (2) Employee remuneration paid in shares as a percentage of current net profit after tax and the total employee remuneration: not applicable.
- (3) EPS after distribution of employees' and directors' remunerations: not applicable.

4. Actual distribution of employees' and directors' remunerations (including distributed cash, shares, and share prices) in the previous year, and difference, treatments and explanations if any difference from the recognized employees' and directors'

remunerations exists:

In accordance with Article 18 of the Articles of Incorporation, no remuneration to employees and directors' remuneration are allocated for the Company's 2022 loss before taxation.

(X) Shares repurchased by the Company: None

II. Corporate bonds, preferred shares, overseas depository receipts, employee warrants, and merger/acquisition/divestment through exchange of shares

(I) Corporate bonds:

1. Convertible corporate bonds: None
2. Exchangeable corporate bonds: None
3. Corporate bond information relevant to aggregate reporting: None
4. Corporate bonds with warrants: None

(II) Preferred shares: None

(III) Disclosure relating to global depository receipts: None

(IV) Employee warrants: None

(V) New issuance of employee restricted shares: None

(VI) Issuance of new shares for business acquisition or share exchange: None

III. Progress on planned use of capital: Not applicable.

Five. Operational Overview

I. Business description

(I) Business scope

1. Major lines of business:

A. Research, development, production, manufacturing and sale of the following products:

- (1) Gallium arsenide, infrared, light emitting diode, laser diode, phototransistor, photodiode, single crystal epitaxy and crystal grain.
- (2) Optoelectronic system, software/hardware of computers and peripheral equipment, electronic final products, semi-products, various wireless/wired telecommunication equipment and various wireless anti-burglary equipment. (Limited to business operation by branch offices outside the science park).
- (3) Radio transmitter, radio transceiver, radio receiver and other electrical machineries capable of generating radio radiant energy. (Limited to business operation by branch offices outside the science park)
- (4) Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and lighting accessories, traffic sign equipment and other machinery.

B. Export and import businesses of the aforementioned products.

2. Major product (service) and the business weight

Major products	Key usage or function	Weight of business in 2023
Compound semiconductor components	Visible LED products Applications: Small light bulbs, digital displays, dot matrix displays, light source displays for fax machines, home appliances, communications, computers, automobiles and other consumer products indicating components, traffic signs, outdoor display screens, and automotive dashboards. Infrared light LED products Applications: Transmitting components such as mouse, remote control, electronic toll collection system, wireless transmission products, general OCs and industrial high-speed OCs. Optical communication products Applications: optical fiber communication modules, SWIR optical sensing components, Bluetooth true wireless stereo (TWS) headsets, under-display sensing module (UDS).	30.72%

Major products	Key usage or function	Weight of business in 2023
SI component	Photo-transistor componets (PT) Applications: Optical coupler, optical interrupter, proximity sensor (non-contact sensor), infrared monitor control, and other components for monitoring. Photo-Diode (PD) Applications: Components for remote control reception of consumer products such as home appliances, communications, computers, and automobiles, medical care (oximeter and pregnancy test), fire and smoke detection, mechanical positioning, motor speed measurement, and panel touch. Zener Diode (ZD) Applications: Application components for LED packaging (stabilization, rectification, electrostatic protection, bridging, leakage detection). Transient voltage suppressors (TVS) Applications: Electrostatic protection components for consumer products (mobile phones, computers, handheld devices, etc.). Chip resistance (CR) Applications: LED packaging, application components of various circuit boards (voltage adjustment, and current control).	57.49%
Others	Design and manufacture of LED module application	11.79%

3. New products (services) in development in plan
 - (1) High power GaN blue LED
 - (2) Flip chip GaN blue LED
 - (3) 6" wafer and 2D/3D sensing PD
 - (4) 6" wafer and high precision and power components
 - (5) High power AlGaInP light emitting diodes
 - (6) High speed communication photodiodes
 - (7) Si power transistor and diode
 - (8) ACLED
 - (9) Ambient light source sensing components
 - (10) Shortwave blue light sensing components
 - (11) Red light and infrared LED for wearable and medical care
 - (12) Wearable sensing elements (blood oxygen, heartbeat monitoring)
 - (13) Si substrate capacitance
 - (14) Monitor PD for optical communication light source intensity monitoring
 - (15) Silicon sub-mount
 - (16) VCSEL/UV/PD integrated components
 - (17) Polycrystalline photoelectric components
 - (18) New generation semiconductor material components
 - (19) Wearable and handheld device distance sensing components
 - (20) Infrared diodes for high-speed industrial control
 - (21) Point light source LEDs
 - (22) SWIR optical sensing components

In the future, the consolidated company will continue to accelerate the development of various new products based on refined R&D technology, and aim to pursue the product quality and cost competitiveness in order to lead the peers.

(II) Industry Overview

1. Industry status and overview

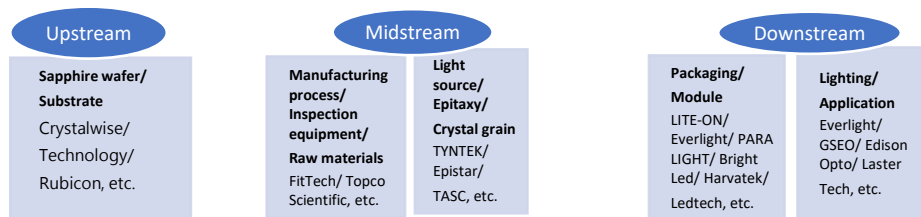
In 2023, the global LED component market value reached approximately \$15 billion, including LED epitaxial chips, chips, packages, and modules, but excluding LED lighting bulbs and other application products. This represents a decline of 5.3% compared to the market value in 2022. In 2024, as the global economy continues to fall into recession, it is estimated that the global LED production value may still decline by 6.8% in 2024, to US\$14.1 billion.

The global LED component industry has experienced fluctuations, especially during 2022~2023. The stringent "zero-COVID lockdown" policy implemented in China has led to a decline in the market share of Chinese LED manufacturers. However, during this period, LED companies in Taiwan and Europe also showed a similar decline in revenue, while LED manufacturers in Japan, South Korea, and the United States grew. In terms of the global LED component market value for 2023, Mainland China remains at the top of the global LED market, holding a 23% market share, although it has decreased by 2 percentage points from 25% in 2022. Followed by Taiwan and Japan, the market shares are about 19%; followed by Europe and South Korea, the market share are about 15%; and the United States occupies about 5% of the market share.

2. Linkages among the industry's up-, mid-, and downstream

LED is a kind of semiconductor electronic component; the current drives the conversion of electric energy into light output. It is one of the main modern light sources and is commonly used in lightings, screen backlighting or display purposes.

The links of LED lighting industry are summarized as follows:



The key upstream materials of LEDs are sapphire wafers and substrates, and sapphire (Al₂O₃) is the main substrate material for the gallium nitride (GaN) crystal light-emitting layer. Because sapphires meet the high temperature resistance requirements of the epitaxy process, the sapphire substrate has become a key material for the production of ultra-high brightness blue, green, blue-green and white LED grains. Currently, 4-inch/6-inch specifications are the mainstream in the market, and most suppliers are oriented towards 6-inch or differentiated directions. The future demand for Micro/Mini LED will be the main driving force for LED chip manufacturers to expand production. Therefore, except for Chinese manufacturers, manufacturers in Taiwan, Europe, America, Japan, South Korea and other countries are also in need of production expansion. The additional production capacity mainly comes from the demand for Micro/Mini LEDs; hence it is estimated that the proportion of 6-inch/8-inch wafer production will increase year by year. In recent years, price of sapphire substrates have continued to fall due to price-cutting competition from suppliers in China. In the future, it is estimated that Chinese manufacturers will account for 80% of the global sapphire substrate market.

The key products of LED midstream are single chip/crystal grain and epitaxial wafer/crystal grain. A single-wafer is a substrate of raw materials, using III-V compounds such as arsenic, germanium, phosphorus to make substrates for wafer growth, and make the wafers into epitaxial wafer through the epitaxy method. The commonly used epitaxy techniques include liquid phase epitaxy (LPE), vapor phase epitaxy (VPE), and metal-organic chemical vapor deposition (MOCVD). Depending on the needs of different LED components, LED epitaxial wafer electrodes are produced through processes such as diffusion, metal film deposition, etching, and heat treatment, and then the epitaxial substrate is thinned and polished and then diced into single crystal grains. In the past few years, Chinese manufacturers have actively expanded their factories, causing product prices to fall, and some application markets are saturated. Therefore, the wavelength and electrical characteristics of LED epitaxy are highly discrete. Hence, the reliance on detection and sorting is required, and the market scale growth is limited, leading to global overcapacity. Consequently, the global epitaxy companies have been moving towards consolidation or strengthening R&D of niche products, in order to reduce costs and enhance product competitiveness.

The downstream of LED is the crystal grain packaging, modules, and lights and lighting application industries. According to different packaging technologies, there are various types of components such as lamp, digit display, dot matrix, SMD, among various component formats. LED packaging components are used in a wide range of fields, including alternative light source lighting, plant lights, indicator lights, outdoor billboards, automotive lights, and backlight modules. Invisible light is optical coupler components, infrared emitters, photointerrupter components, security control equipment,

among other things.

3. Various development trends and competitive situations of products

In 2023, the production value of LED components (LED epitaxial chips and dies, LED packaging and modules) in Taiwan reached 84.1 billion New Taiwan Dollars, experiencing an overall decline of 11.8%. The main reasons for the decline were the relative maturity of technology, global economic downturn, impact of inflation, and sluggish end-market demand. Additionally, internal challenges included excessive supply chain inventory, global market saturation, and price competition from the mainland Chinese red supply chain, leading to oversupply in general backlight and lighting applications, thus entering a highly competitive red ocean market. The LED component industry primarily targets the backlight and indicator applications of products such as smartphones, laptops, and monitors as its main sales markets. Although the backlight module market is saturated and showing signs of decline in market size, the application of backlight modules remains the largest market for the LED component industry in our country due to the numerous downstream application manufacturers and the deep cultivation of the backlight module market by past LED component manufacturers .

Some manufacturers, under the influence of brand companies like Apple and Samsung, have invested significant resources in Mini LED and the expansion of III-V semiconductor applications. The first to achieve scale was Mini LED backlighting, which now forms a relatively complete industry chain covering equipment, materials, chips, devices, modules, and panels. Under strong promotion from brands and industry chains, MiniLED backlight products have opened up a wealth of application scenarios, including consumer electronics and IT products such as TVs, monitors, laptops, tablets, vehicle displays, and VR smart wearables. The LED epi-wafers and crystal grains manufacturers in Taiwan are actively expanding Mini LED production capacity, and use Chip on board (COB) solutions to improve product quality. The overall output value of Mini LED related components is about NTD 30 billion.

Most of Taiwanese LED epitaxial wafer and grain manufacturers have already started strategic deployment, by extending their business to other compound semiconductors, such as VCSEL, which are applied in 3D sensors, VR/AR and other markets, as well as wide bandgap semiconductors, such as Gallium Nitride (GaN) and Silicon Carbide (SiC), applied in power or radio frequency components. It is sought to provide customers with comprehensive solutions through diversified positioning. Meanwhile, the proportion of LED-related revenue is declining year by year. The Company has been actively expanding into non-LED fields including sensors as a means to satisfy demand for applications such as wearable device, automotive, consumer electronics, and medicine.

Although LED packaging and module businesses operate in diverse fields and many are profitable, the overall unfavorable conditions in 2023 led to a slight decline. With the COB method gradually replacing the traditional LED backlight module, LED packaging component manufacturers in Taiwan are gradually fading out of the LED backlight market, and continue to shift to automotive, biomedical, or invisible light applications. market.

Although the automotive market was stagnant in 2023, the automotive LED market continues to grow, particularly as automotive safety awareness increases, driving the demand for smart LED headlights, turn signals, brake lights (including blind spot detection indicators). The proportion of interior backlight modules and ambient lighting modules in vehicles continues to increase. Additionally, automotive display panels

including screens, HUD (Heads-Up Displays), and various sizes of panel displays are increasingly being installed in vehicles, which leads to a continuous expansion in the overall demand for backlight modules.

Looking to 2024, Mini LED backlights and display screens are expected to gradually recover, and the demand for automotive LEDs will continue to increase with the strong rise of electric vehicles. General LED lighting has also formed a stable consumer market. Driven by energy saving and green energy, LED lights will continue to penetrate. In the invisible light market, infrared LED and UV LED applications have not only the niche markets in the biomedical field, but also the wearable products including watches, bracelets, TWS and other supporting applications which will also be a field with stable growth. Later, there are applications and issues related to Micro LED and Metaverse to be developed. It is expected that the LED industry will be optimistic in terms of market growth in the next few years.

Besides the development of the aforementioned LED-related products, our company is also actively developing new applications in the sensor component business. This includes continued deployment in consumer electronics sensors as well as a significant increase in demand for optical blood oxygen sensors. This demand has also spilled over into consumer interest in physiological monitoring (blood oxygen, heart rate, blood pressure, blood glucose, etc.), leading to a rise in various wearable devices and driving growth in this sector. The demand for related wearable devices is expected to remain strong in 2024.

Secondly, in addition to the application of sensing components for wearable devices, with the development of the Internet of Things, the need for fast and less interference transmission will also be another long-term momentum, especially for the sensing of wavelengths 1310nm and 1550nm suitable for long-distance transmission, and 850nm sensing with relatively low cost and adopted in short-distance transmission; these are also expected to contribute to the Company's future revenue. It is estimated that the compound growth rate of global IoT connected devices will reach 17% from 2018 to 2025.

In the era of everything to be smart, sensing devices are even more indispensable. For example, robotic vacuum cleaners have gradually entered households and become an critical demand in for households. However, comparing the appliance widely used in households, such as TVs, refrigerators, and washing machines, robotic vacuum cleaners still have a lot of room for growth. Taking China as an example, the above-mentioned three appliances account for about 90% of households, while robotic vacuum cleaners account for less than 10%. Therefore, the demand is also expected to contribute to subsequent revenue. Another future application is in autonomous driving. As Level 2 has been widely adopted in new vehicles, safety considerations will receive more attentions. The monitoring of face, eyeballs, and driving heart rate to prevent safety problems caused by fatigue will also make optical sensing components more widely used.

Generally larger industries adopt photo couplers and photo interrupters. Due to the characteristic of excellent anti-interference , the relevant sensing components are basically used for the adapters. The photo transistors adopted n the high-voltage controlling unit also sees increasing proportion. In antistatic protection components, the Company is also actively developing electrostatic protection components suitable for high and low voltage and flip-chip Zener diodes. In addition, the transient voltage suppressors (TVS) that prevent surges and transient high-power voltage impacts are also developed with corresponding products.

Other than the above-mentioned sensing components, in terms of power

semiconductor devices, due to the increasing application of the power management industry, industrial control, new energy, inverting home appliances, data centers, 5G, IoT and other fields will also be the core areas for the rapid growth of power semiconductor devices. In light of this, the Company has successively completed the development of Schottky, power diodes, TVS and other power components in 2021. Customers are widely used the products in new energy - solar junction boxes, chargers; power supply - power conversion (AC-DC or DC-DC); as well as protection components and other fields.

(III) Technologies and R&D:

1. Technical level of the business operated

The consolidated entity continuously develops new products and new technologies, and improves manufacturing processes in III-V compound semiconductors and Si sensing components. Currently, the Company has the R&D and manufacturing capabilities of high-speed optocoupler infrared LED, patented LED point light source, SWIR sensing components (InGaAs), high-speed (100G~400Gbits) optical communication products, Si photo thyristor, and Si photo voltage generator. In addition, the Company has numerous patents for key components in terms of Si components. Since infrared LEDs, Si components, and SWIR sensing components (InGaAs) are the future development trend of security surveillance, automation, and various bio-medical smart sensing, the consolidated company will have more competitive edges due to its multiple patents on gallium arsenide (GaAs) infrared crystal grain patented process technology and Si components, and extend the technology to high-speed optical communication components.

2. Research and development

The consolidated company has engaged in the R&D capability for compound semiconductor and Si high-voltage components, and with the continuous efforts over the past years, we have been able to develop and launch numerous outstanding new products, and have also been able to gain support from the public sector and government agencies, All of such achievements demonstrate the consolidated company's commitment and dedication in R&D technologies. After the consolidated company has completed the development and mass production of VCSEL surface emitting laser diodes, SWIR sensing components (InGaAs), Si photo thyristor, Si photo voltage generator, and our production line becomes more complete. To develop products of greater retrospectivity and marketability, in recent years, the consolidated company is fully dedicated in the research and development of third-generation GaN on Si (high-voltage power electronics) and the fourth generation of (gallium oxide) semiconductors, and Si high-voltage transistors applied on mobile phone and wearable device, and sensors for the fields of automobile, medical care and precision control. We have received orders from various international major manufacturers in Europe, Americas, Japan and Taiwan. In addition, the consolidated company is also active in the investment of relevant product application fields. With the rapid growth of the optoelectronic market, the application scope of various products continues to expand, and the market demand is increasing. To satisfy the market demand, the consolidated company will continue to focus on the development of the following products:

- A. High density 2D/3D semiconductor passive components
- B. High sensitive avalanche photodiode (APD)
- C. High power AlGaInP light emitting diodes
- D. High speed optical communication laser diodes
- E. Multiband photo detectors
- F. Dark violet (DUV/UVC) sensors
- G. Silicon substrates with built-in electrostatic protection components

- H. Flip-chip Zener diodes
- I. Flip-chip optical diodes
- J. Surface roughened high-sensitivity photodiode
- K. Sensing components for medium and high-end optocoupler applications (Hi Volt PTR, Darlington, Triac)
- L. sensing components for photoelectric relay application (Power MOS, PVG)
- M. New automotive silicon substrate integrated Zener Components (ZPEC)
- N. Photo diode integrated circuit (PDIC)
- O. Low-capacitance transient voltage suppressors (TVS)
- P. High speed optical communication laser diodes
- Q. Vertical cavity surface emitting laser (VCSEL) diodes
- R. D-mode GaN on Si MIS-HEMT
- S. E-mode GaN on Si HEMT
- T. MEMS analogue signal sensor
- U. Chip Scale Package (CSP)
- V. New generation semiconductor material components
- W. Long wavelength sensing components
- X. Infrared diodes for high-speed industrial control
- Y. Point light source infrared diode

3. R&D expenditures input in the recent year and up to the publication date of the annual report:

(1) 2023: NT\$148,004 thousand.

(2) March 31, 2024: NT\$31,146 thousand.

4. Recently developed technologies or products in the last year and up until the publication date of annual report:

Year	Project	Main benefits
2018	Development of high-speed, thin-type IR products	Customers need not replace other components and can achieve product upgrade simply by replacing the IC.
	SI high-speed, small-size, and multi-wave length light-sensitive diode	Used for smartphone 3D TOF applications such as facial recognition and smart headphone, and as sensors for automobile applications such as automated windshield wiping and automated head lamp.
	Side photodiode components for COB packaging	A side photodiode design unlike conventional TO-Can packaging that can be applied to COB packaging for high-speed transmission; awarded patents in multiple countries.
	Development of VCSEL packaging and laser packaging	Used for face, object, and package detection.
2019	Development of long wavelength IR LED	Used in next-generation under-display fingerprint scanner and proximity switch
	High/low CAF, 4-color LED components	Used in smart medical lighting systems
	Smart ergonomic lighting equipment	
	Multi-crystal wide-color light source	High image resolution, enhanced product

Year	Project	Main benefits
		identification
2020	Wearable sensing component	Monitoring application for blood oxygen and heart beats
	Ambient light source sensing components	Applied to detect the ambient light sources for switch on/off.
2021	Industrial high-speed opticalcoupler 850nm light source	High-speed opticalcoupler infrared light source for industrial use maintains a stable luminous power at different ambient temperatures
2022	Flip PD	Reduce package height, volume and shading of electrodes themselves
	IR ONLY Flip PD	No coating is required, and the IR only effect can be achieved through its own physical characteristics.
	Surface roughened PD	Through granulation, the light-receiving area is enlarged and the sensitivity is improved
	PD Array crosstalk cancellation Design	There is no need to use coating to achieve the purpose of shading
	High Voltage type PTR	Increase the photoelectric control components used under high voltage
	Rbe photoelectric crystal	Optocoupler application receiver components to expand product application
	Flip Zener	ESD protection application of automotive LEDs, expanding product applications.
	CRD design optimization	By shorting the N-JFET source & gate, to use only a single component to achieve the characteristic of constant current.
	Low side light and high power point light source products	The low-side light point light source provides a better signal-to-noise ratio solution for encoders, interrupters, and low-speed fiber optic light sources
	High voltage depletion gallium nitride high electron mobility transistor	Consumer fast chargers and DC/DC power conversion applications
	MEMS analogue signal sensor	Pressure sensor application
	Silicon photo thyristor	High voltage circuit load switching control
2023	Silicon photovoltaic voltage generator	Automotive relay applications
	Indium phosphide (InP) sensing products	True wireless Bluetooth headset TWS
	GaN HEMT	Power fast charging, electric vehicle, AI

Year	Project	Main benefits
		server power supply

(IV) Long- and short-term business development plans:

1. Short-term Business Development Plan:

- (1) Based on the currently existing business, continue to dedicate in the development of high frequency/high power products and various Si sensors and protection components. In addition, for different markets, develop sales method suitable to the local markets.
- (2) Continue to promote the rationalization and flexibility of production process, in order to achieve harmony between production and sales, as well as to achieve most optimal operating economic scale; implement quality management thoroughly and achieve the goal of Quality First with best effort. Increase automatic production efficiency and product yield rate, engineering research and development process systematization, thereby improving overall management quality.
- (3) To respond to market demands in new application fields, the Company continues to expand 5" and 6" wafer production capacities and efficiency.
- (4) Coping with the slowdown of the pandemic, facing inflation, geopolitics, and information security issues, we will improve the control and responsive strategies for various emerging risks, with flexible adjustments.

2. Long-term Business Development Plan:

- (1) In addition to continue to improve quality and to maintain excellent cooperation relationship with domestic and foreign giants in the industry, the Company aims to expand the market share as well as to establish complete sales channels globally and diverse business strategies.
- (2) Integrate various products of the Company and subsidiaries, and establish the operational development model with horizontal expansion and vertical integration, thereby increasing the overall competitiveness of the Company.
- (3) Continue research and development, maintain the leading position in manufacturing technologies, and improve OEM capability, thereby exploiting the Company's advantage in the mass production economic scale.

II. Market, production and sales overview

(I) Market analysis:

1. Table of geographic areas where the main products sold in the recent two years

Unit: NTD thousand

Year Product		2022		2023	
		Amount	%	Amount	%
Domestic sale		638,387	26.39	732,220	32.29
Export	Asia	1,687,668	69.75	1,440,438	63.52
	Americas	84,710	3.50	89,652	3.95
	Europe	8,744	0.36	3,152	0.14
	Australia	0	0	2,175	0.10
Total		2,419,509	100.00	2,267,637	100.00

2. Market share:

Unit: NTD thousand

Year Item		Parent-only domestic sales income of TYNTEK	Sales value of the LED (crystal grain) (Note 1)	Market share
112		694,745	37,425,061	1.86%

Note 1: source: Department of Statistics, MOEA

3. Demand and supply conditions for the market in the future and the market's growth potential

(1) Market demands

For visible light LED products, the traditional manufacturing process is based on binary or ternary intermetallic compounds gallium phosphide (GaP), gallium arsenide phosphide (GaAsP) and aluminum gallium arsenide (AlGaAs) grown and composited on epitaxy wafers. Given the relatively low brightness of output, it is usually used as indicator light. As the LED technology advances, the brightness and efficiency is gradually enhanced. The number of use cases expands given the small size of components and multiple colors for indicator lights.

The subsequently developed AlInGaP, a quaternary intermetallic compound, provides significantly higher luminance for red and yellow lights when grown on epitaxy wafers in MOCVD (metal organic chemical vapor deposition) chambers, along with metal bonding technology. This is widely used in outdoor signage, displays and lighting in automotive, for decoration and plant growth.

For high-brightness blue and green LEDs, InGaN is used as the luminescent material. Blue LED dies converted by phosphor into white light are packaged into display backlights or used in lighting products for the mass consumer market.

Mini LED and Micro LED are visible light products in the spotlight during the past two years. Mini LED is as small as 50 to 100 micrometers. This small size allows fine tuning and local adjustment of luminescence as display backlight. There will be no light spots amid blackness and the gray scales become shaper and

brighter. Electricity to each LED is also more efficient than traditional backlight, which requires electricity on the entire backplane. The adoption of Mini LED by a leading brand from the U.S. for tablets in 2022 resulted in significant growth in demand for Mini LED and many manufacturers jumped on the bandwagon by producing Mini LED. This also promoted the Mini LED display market. In 2024, the market potential goes beyond the mainstream display market and will be expanded to notebooks, automotive, commercial and large panels for home use.

Micro LEDs are smaller than Mini LEDs and offer better color performance and resolution. They are applicable in smartwatches, virtual reality (VR), augmented reality (AR), mixed reality (MR), transparent and commercial displays, and also in high-brightness AR micro-projection devices, automotive HUDs, and other applications that require high brightness. Although Micro LED products have superior overall characteristics, due to the very small size of the LED chips (<50 microns), the yield rate of chip manufacturing remains a significant challenge, resulting in high costs. Major manufacturers like Apple, Sony, and Samsung have invested in this technology, and products such as Micro LED TVs have been launched. However, the development of related technologies is not aggressive, and currently focuses primarily on small-sized panels and high-niche markets (such as AR).

Visible light LED products are ubiquitous in the day-to-day life, widely used in consumer electronics such as mobile devices and wearables, home or industrial electronics equipment, commercial outdoor signage, in-vehicle atmosphere light, directional lights and brake lights for automobiles, general lighting, decorative lighting, backlighting for computers and tablets, traffic signs and projector light sources.

Invisible light LED products are mainly infrared LED and UVA/UVB/UVC LED. The luminescent material of infrared LED is primarily AlGaAs, GaAs and InGaAsP, at a wavelength from 700nm to 1000nm. It is used in remote controls, wireless mice, communications modules, IrDA, optical couplers, short-range optic fibers and infrared lighting. The main applications on mobile devices are distance sensors, digital medicine (heart rates, blood oxygen and blood glucose sensing). In the auto market, it is used for in-vehicle sensing (facial recognition and gesture recognition) and LIDAR. In the surveillance market, it is used as 850nm IR LED for pedestrian protection, lane detection, apron inspections and night vision. It enables remote control for TV, music systems and lighting equipment in the smart home setting. The emergence of use cases for drones and automatic guided vehicles will create a huge growth opportunity over the next few years. Another

market for infrared LED based on InP material is for light emitting devices at wavelengths above 1000nm, mainly 1050/1150/1350nm. The market for consumer electronics, mobile phones and TWS applications continued to grow in 2022. The demand for infrared LEDs as the emitter above 1000nm increased for proximity sensors as an UDS (under display sensor), due the popularity of OLED panels and full-screen mobile phones. In addition, the development of TWS application in health management with blood glucose detection at 1350nm will create a new use case for above 1000nm LED.

Ultraviolet LEDs based on AlGaIn and AlInGaIn materials are used for banknote recognition, photoresin hardening, insect trapping and printing. Further technical development is towards deep ultraviolet sterilization, 3D printing and other applications. The wavelengths ranging between 100nm and 280nm are defined as UVC (Ultraviolet-C), known for disinfection capability. This function served well at the outbreak of COVID-19 and drove the demand of disinfection products. As the pandemic eased off in different countries, the UVC disinfection market slowed down. However, the base demand remains unchanged.

Finally, infrared laser (VCSEL/EEL) has been gaining traction in the market over recent years. Known for advantages in narrow beam divergence, high photon-to-electron conversion efficiency and fast data transmission, it is gradually used for the consumer market. This includes distance sensing, PDAF (Phase Detection Auto Focus), 3D facial recognition, LiDAR and iris recognition for smartphones, air and quality inspection, high-resolution night vision systems for cars.

In 2023, economic recovery was initially expected to gain momentum; however, due to the prolonged Russia-Ukraine conflict and inflation, the economy slowed down, particularly with a decrease in demand from China, leading to reduced consumer willingness and a continued slowdown in overall LED demand from the fourth quarter of 2023. That said, the demand continues to grow from new markets and use cases such as new energy vehicles, autonomous driving and optical communications. Meanwhile, biomedicine, wearables and metaverse continue to develop and the growth momentum remains strong for auto LEDs and sensors. All these factors are positives to the LED demand.

(2) Supplies

As far as the supply of visible light LEDs is concerned, the conventional production technology has matured over the past 20+ years. Taiwanese and Chinese manufacturers continue to add capacities in LED dies, price competition is intensifying with ample supply of visible light LEDs. The demand for traditional LEDs is stabilizing and saturating due to lower brightness and limited use cases;

restriction in materials sourcing due to dominance of Japanese suppliers; and the crowding-out effects from high-brightness LEDs. The high-brightness LED chip market has been expanding rapidly during recent years due to technological development by Taiwanese manufacturers in epitaxial growth and the MOCVD equipment procurement subsidies by Chinese local governments. The market was trapped in the red ocean in 2023 due to oversupply and price reduction. That said, the adoption of Mini LED in tables can significantly absorb MOVCD capacities. As a result, high-brightness LED products were once in the blue ocean. Nonetheless, the consumer market is easily affected by the rapid fluctuations of the economy. Moreover, the long-term potential of Mini LED and Micro LED has attracted LED companies from different countries over recent years. Numerous Taiwanese companies have ramped up. The Mini LED capacities in China gradually coming online will become competitive pressure on Taiwanese players. The overheating supply of high-luminance LED products produced by MOCVD will still be challenging in 2024.

Meanwhile, as the wide adoption of LED lighting products and the maturing of industry clusters, many countries joined the competition of the lighting market. Despite the growing demand for LED chips, lighting product prices continue to fall due to oversupply. The serious imbalance in demand supply continued in 2023.

The competition in the supply of invisible light LEDs is intensifying. Price competition is severe in the infrared market such as surveillance & security, remote control and electronic whiteboards, as manufactures continue to expand capacities. In the niche market for specific wavelengths such as aesthetic medicine, plant (cannabis) growing lamps, iris recognition, optical communication and consumer products above 1000nm, the competition is not only about pricing but also product brightness and stability. The expected rapid market growth has attracted new entrants.

China remains the world's largest LED supplier supported by its government resources and sizable domestic market. Japan is the world's second largest supplier given its global leadership in technological development in high-brightness LED. Korea and Taiwan are both the global No. 3. LED manufacturers from Europe and the U.S. are leading brands with certain market shares.

4. Competition niches

The consolidated company maintains its competitiveness and market share in a highly competitive market primarily for the following reasons:

(1) Industry aspect

As governments worldwide expand communication infrastructure, they are also driving the rapid development of ICT technology. The global industry has

entered the AIoT era, combining multiple technologies such as artificial intelligence, the metaverse, cybersecurity, Low Power Wide Area Networks (LPWAN), and edge computing to continuously advance the industry. Topics like AI computing and the Internet of Things continue to be viewed positively. Additionally, with the ongoing increase in demand for automotive cameras and Industry 4.0, these related industries are expected to boost demand for various sensing layers, including terminal innovations and specific sensors, semiconductors, and related fields. Future strategies will focus on AI edge computing, integration of multisensory technologies, and energy-saving technologies.

The establishment of data centers and the demand for high-speed wireless communications will drive the growth of the optical communications and optical storage industries. Additionally, the emerging opportunities in low-earth orbit satellites will further enhance the demand for optical communications and storage products, leading to continued stable growth in the optical communication and power component industries.

Under the ongoing global trend of energy conservation and carbon reduction, aimed at achieving net-zero emissions, the demand for green energy by businesses has been steadily increasing. This has, in turn, driven growth in the solar photovoltaic and wind power markets. Through various sensors, businesses can promptly monitor energy usage and losses, effectively detecting waste occurrences. AI can predict future carbon emissions based on operational processes, emission reduction methods, and needs, aiding in the formulation, adjustment, and achievement of carbon emission targets. The integration of AI, 5G, cloud computing, and IoT solutions can assist enterprises in effectively conserving energy and reducing carbon emissions, which is expected to continue to drive positive outlooks in related industries.

(2) Company aspect

A. The capacity has reached the economic scale

The consolidated company is among the top ten semiconductor manufacturers in Taiwan. Besides the existing 5-inch production capacity in mass production, the new 6-inch wafer factory has reached economic scale. The company has two fabs for Si component products that can provide support and allocation, simultaneously meeting international customers' demands for capacity and quality.

B. High production efficiency

With its production capacity, the merged company can immediately supply various product series to meet customers' delivery and quantity requirements. Due to efficient production capacity, the company can shorten production cycles, reduce manufacturing costs, and achieve effective output. The company has been

honored with international quality certifications including ISO9001, IATF16949, ISO14001, ISO45001, and CNS45001, earning the trust of customers.

C. Technology innovation

i. Strong R&D and manufacturing capacity of IR LED and Si components

The company has the capability to produce and manufacture both infrared LEDs and Si components. Through continuous research and development of new products, new technologies, and process improvements, we have successfully developed and started selling high-speed infrared LEDs and high-speed detection components for wireless data transmission modules. We have also developed low-interference point-source infrared diodes, which can be widely used in industrial encoders and other applications, and have begun mass production and shipment in 2023.

When it comes to Si components, we have developed photodiodes on flip-chip technology and filtering functionality. We also have patents for low-noise components. Both infrared LEDs and Si components are the future of control components. The consolidated company will be even more competitive given our patents on gallium arsenide (GaAs) infrared epitaxial growing technology and low-noise Si components.

ii. Development of optical communications products

The current mainstream photodiodes for optical communications are 2.5G to 50G single chips and 40G to 400G array chips, to meet the variety of use cases (EPON; XGPON). Laser power photodiodes for analog or digital communications have been on the market in steady volumes. We have also successfully developed diode components for side-detection on COB (chip on board) packaging. Given the advancement of communications systems and increasing adoption of 5G, higher transmission speeds and bandwidth services are in order for next generation communications systems to meet user needs. The outlook is bright for optical communications components industry.

Applications for long-wavelength light sources are growing significantly, particularly with the introduction of new generation wearable products for blood oxygen detection and the use of sensors for detecting special gases, moisture, sugar content, and agricultural product quality between 1100nm and 1900nm. In 2023, there has been a substantial increase in demand for shipments for wearable devices and under-display detection.

iii. Development of power components

The development of planar TVS and Power Zener series products has been completed. These products are primarily used for protecting circuits from transient high-voltage spikes and for voltage stabilization, with ongoing development towards low-voltage and high-power components. Additionally, in

2023, the company successfully developed high-frequency III-V family GaN on Silicon products, which have been certified by clients. Mass production is expected to start in 2024. This product is widely used in power conversion applications, with end-use areas including new energy, satellite communications, data centers, 5G, and IoT.

iv. Development of photocoupler components

In optocouplers, LEDs (visible and infrared) and photodiodes are our company's main mass-produced items. In 2023, we developed a series of phototransistor products that have passed customer validation. As technology advances, these components will be layered into multiple transistors and developed into optically controlled devices for specific applications, such as AC-110V and 220V, and high-voltage DC applications for PVG products. Optocouplers are extensively used in electrical isolation, level shifting, driving circuits, and industrial communication fields.

D. Comprehensive product lines and high-value added products

As LEDs and Si components are often used together, the merged company, with its wide range of visible and infrared LEDs and Si components, can match and provide optocoupler components to meet diverse customer needs. The company also develops high value-added power components that can be paired with optocouplers, offering complete solutions to customers and striving to expand into international markets and high-end application areas.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors

A. The products have many advantages and a wide range of applications

LEDs have the advantages of low heat generation, low power consumption, compact size, long life, and fast response rate. They have been widely used in consumer electronics, signs, communications, information, automotive, medical, and plant lighting. Since the new products and new usages are developed continuously, the demand continues to expand and the market outlook is very good.

B. Good quality and diversified products

The merged company possesses manufacturing and development capabilities in visible LEDs, infrared LEDs, indium phosphide (InP) sensing components, gallium nitride (GaN) power components, and silicon components, fully meeting customer demands. The products of the merged company are of high quality, have received positive feedback from customers, and have passed multiple international quality certifications, including ISO 9001, IATF16949, ISO14001, ISO45001, and CNS45001.

Strong R&D and manufacturing capabilities of C.CS (compound semiconductor) components and Si components

The consolidated company has the manufacturing capacity of CS components and Si components, and has the low-noise component patent in the aspect of Si components, which makes the consolidated company more competitive in the control component market.

D. With a history of over 40 years since 1972, the Taiwanese LED industry boasts mature and reliable technical capabilities from midstream to downstream. The industrial and business environment is highly competitive due to the comprehensive division of labor from up, mid to downstream and the integration with IT, electronics and semiconductor industries. The consolidated company has been expanding capacities during recent years and is now among the top ten largest die manufacturers in Taiwan. The ramp-up by all the fabs further reduces cost, boosts competitiveness and the ability to meet bulk orders from international customers.

(2) Negative factors and responses

A. The source of raw materials for LED products is mainly concentrated in Japan, to which the dependence is high.

At present, in the regard of LED upstream raw materials, especially epitaxial wafers, Japan has the advanced technologies and economic scale, and thus domestic LED midstream chip manufacturers mostly imported the raw materials from Japan with the consideration of quality and costs; which leads the risk of concentration of raw material sources.

Countermeasures:

- i. Japan's Shin-Etsu Semiconductor has cooperated with Taiwan to set up a factory in Hsinchu Science Industrial Park in 1996 to manufacture gallium phosphide (GaP) epitaxial wafers. The direct supply from here may satisfy part of the company's demand for raw materials, thereby reducing its dependence on Japan.
- ii. Actively purchase epitaxial wafers from regions other than Japan to diversify the risk of procurement concentration.
- iii. Cooperate with domestic GaP wafer fabs to reduce dependence on Japan.
- iv. Establish long-term cooperative relations with major raw material suppliers to stabilize the source of raw materials.
- v. Continue to develop and improve the production technology capabilities of epitaxial wafers on our own, such as the quality and quantity of GaAs epitaxial wafers, to reduce dependence on foreign epitaxial wafers.

B. Risk of exchange rate changes

Most of the main raw materials of the consolidated company are imported from abroad, leading to the risk of exchange rate fluctuations. Faced with

exchange rate risks, the countermeasures of the consolidated company are as follows:

- i. Sale or purchase of forward foreign exchange in advance.
- ii. Strengthen procurement capabilities, reduce costs of raw material purchase, and negotiate sharing exchange rate risks with suppliers. If the magnitude exchange rate changes increases, transaction price will be renegotiated with the supplier.
- iii. Strengthen the ability to develop sources of incoming materials and avoid excessive influence from a single currency exchange rate.
- iv. The quotation system with customers include the consideration of selling price adjustment due to exchange rate changes to protect the Company's existing profits.
- v. Pay the expenditure in foreign currency generated from importation with the export revenue in same currency, to shift partial FX risks.
- vi. Adjust foreign currency positions based on exchange rate changes.

(II) Key usages and manufacturing processes for main products

1. Key usages of main products

The products of the combined company are mainly divided into two categories: compound semiconductor(CS) devices and silicon (SI) devices according to their functions. The important uses of the main products are as follows:

(1) Compound semiconductor components

- Visible LED products

Key usages: Small light bulbs, digital displays, dot matrix displays, light source displays for fax machines, home appliances, communications, computers, automobiles and other consumer products indicating components, traffic signs, outdoor display screens, and automotive dashboards, encoder, interrupter, and low-speed fiber optic light source.

- Infrared light LED products

Key usages: Transmitting components such as mouse, remote control, electronic toll collection system, wireless transmission products, encoder, interrupter, and low-speed fiber optic light source.

Indium phosphide (InP) sensing products

Key usages: optical fiber communication modules, SWIR optical sensing components, Bluetooth true wireless stereo (TWS) headsets, under-display sensing module (UDS).

(2) SI components

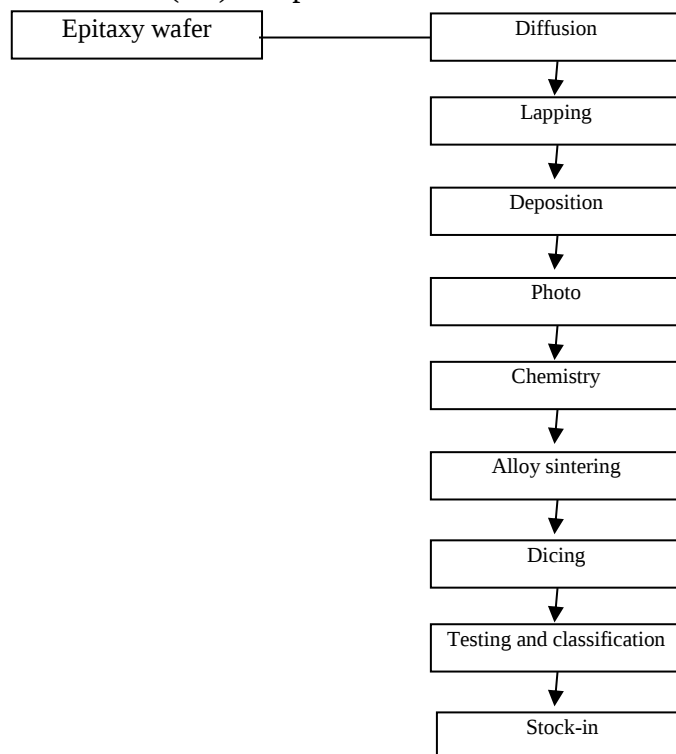
- Photo-transistor components (PT)

Key usages: Optical coupler, optical interrupter, proximity sensor (non-contact sensor), infrared monitor control, and other components for monitoring.

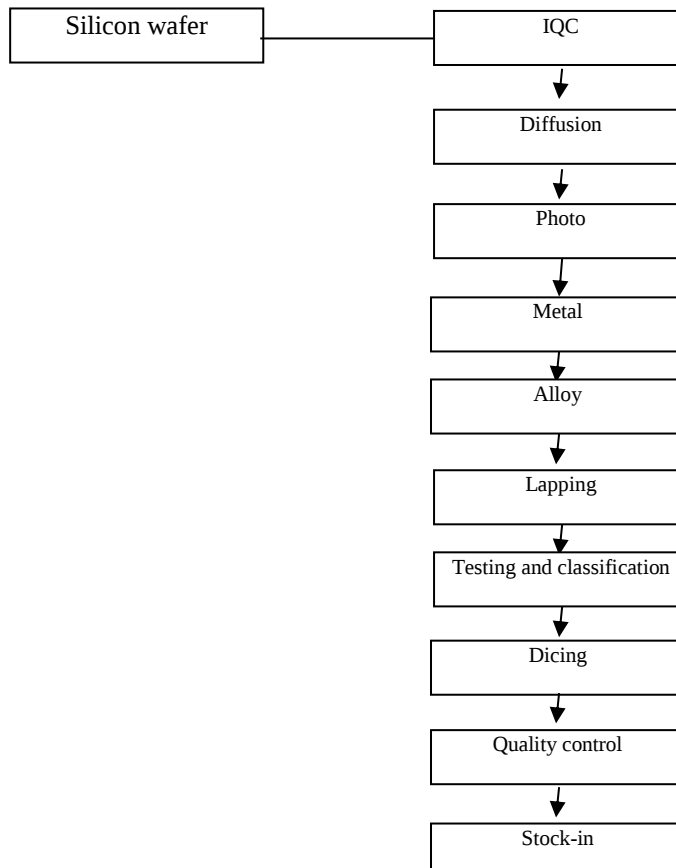
- Photo-Diode (PD)
Key usages: Components for remote control reception of consumer products such as home appliances, communications, computers, and automobiles, medical care (oximeter and pregnancy test), fire and smoke detection, mechanical positioning, motor speed measurement, and panel touch.
- Zener Diode (ZD)
Key usages: Application components for LED packaging (stabilization, rectification, electrostatic protection, bridging, leakage detection).
- Transient voltage suppressors (TVS)
Key usages: Electrostatic protection components for consumer products (mobile phones, computers, handheld devices, etc.).
- Chip resistance (CR)
Key usages: LED packaging, application components of various circuit boards (voltage adjustment, and current control)
- Optical cassette fluid (TCN)
Key usages: Application components (control of speed and power) of various small home appliances such as instant pots and hair dryers.
- Pressure sensor (MPS)
Key usages: Application components (pressure monitoring, flow control) in medical and industrial applications.

2. Production process

(1) Compound semiconductor (CS) components



(2) SI components



(III) Supplies of key materials

The main raw material of the consolidated company is epitaxy wafers (mainly containing GaP, GaP/GaAsP, InGaAs, InP, Epi wafer and Si wafer). As the upstream manufacturers of LEDs in Japan, Taiwan, China, Germany, Europe and Americas have almost covered the world's upstream raw material market for LEDs with their advanced technology and economic scale, based on product quality and cost considerations and industry characteristics, and the effects of industrial natures, the source of raw materials of the consolidated company is concentrated in a few large factories. The consolidated company has long-term relationship with the aforementioned big company and is a strategic partner, so it can continue to deliver goods steadily

(IV) Major customers and suppliers in the latest 2 years

1. Major clients (accounted for 10% or more of the net sales amount)

Unit: NTD thousands; %

Year	2022				2023				2024 Q1			
Item	Name	Amount	Percentage to the whole-year net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage to the whole-year net sales amount (%)	Relationship with the issuer	Name	Amount	Ratio of net sales of the current year as of the previous quarter (%)	Relationship with the issuer
1	Customer A	428,283	17.70	None	Customer A	400,191	17.65	None	Customer A	88,397	15.94	None
2	Customer B	266,586	11.02	None	Customer B	198,894	8.77	None	Customer B	71,679	12.92	None
3	Others	1,724,640	71.28		Others	1,668,552	73.58		Others	394,561	71.14	-
		2,419,509	100.00			2,267,637	100.00			554,637	100.00	

Reason of changes: no change

2. Major suppliers (accounted for 10% or more of the net purchase amount)

Unit: NTD thousands; %

Year	2022				2023				2024 Q1			
Item	Name	Amount	Percentage to the whole-year net purchase	Relationship with the issuer	Name	Amount	Percentage to the whole-year net purchase	Relationship with the issuer	Name	Amount	Ratio of net purchases of the current	Relationship with the issuer

			amount (%)				amount (%)				year as of the previous quarter(%)		
1	Company A	204,074	20.77	None	Company A	135,674	14.13	None	Customer A	41,578	23.48	None	
2	—	—	—	—	Company B	124,697	12.98	None		—	—		
3	Others	778,580	79.23	—	Others	700,002	72.89	—	Others	135,536	76.52	—	
	Purchase Net Amount	982,654	100.00	—	Purchase Net Amount	960,373	100.00	—	Net purchase amount	177,114	100.00	—	

Reason for change: increase in purchase of EOL materials.

(V) Table of Production and Sales Volume and Value in the Recent Two Years

Table of Production Volume and Value in the Recent Two Years

Unit: NT\$ thousand

Production Volume and Value Year		2022			2023		
		Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Main products (or by segment)	Compound semiconductor						
	thousand pieces	14,400,000	7,251,462	632,462	9,600,000	6,011,650	592,158
	Pieces	—	487	675	—	483	660
Si component	thousand pieces	21,600,000	9,875,533	722,749	21,600,000	12,737,983	870,987
	Pieces	276,000	169,504	253,976	276,000	108,212	162,421
LED lighting device (piece)		1,500,000	1,210,862	184,332	1,500,000	1,156,247	184,696
Others (Note 1)		—	—	—	—	—	56
Total		37,776,000	18,507,848	1,794,194	37,776,000	20,014,575	1,810,978

Note 1: Other products measured at different units, and thus capacity and production volume are not listed.

Table of Sales Volume and Value in the Recent Two Years

Unit: NT\$ thousand

Sales volume and value Year Main products (or by segment)		2022				2023			
		Domestic sales		Export		Domestic sales		Export	
		V o l u m e	V a l u e	V o l u m e	V a l u e	V o l u m e	V a l u e	V o l u m e	V a l u e
Compound semiconductor components	thousand pieces	561,176	139,106	7,277,612	685,759	425,941	145,945	5,904,784	548,800
	Pieces	497	2,424	0	0	488	1,921	0	0
Si component	thousand pieces	1,621,513	240,702	9,032,196	810,569	1,747,022	295,005	10,926,299	807,228
	Pieces	24,228	61,392	143,935	254,817	15,137	38,864	92,757	162,568
LED lighting device (piece)		1,033,593	193,088	90,332	28,595	1,069,919	247,738	45,483	16,024
Others (Note 1)		—	1,675	—	1,382	—	2,747	—	797
Total		3,241,007	638,387	16,544,075	1,781,122	3,258,507	732,220	16,969,323	1,535,417

Note 1: Other products measured at different units, and thus sales volume are not listed.

III. Number of Employees, Average Years of Service, Average Age, and Education Background Distribution in the Two Most Recent Fiscal Years

Employees' Information in the Two Most Recent Fiscal Years up to the Date of Publication of the
Annual Report

Year		2022	2023	Current year up to March 31, 2024
Number of employees	Technicians	202	205	186
	Administrative clerk	172	195	146
	Operators	583	577	526
	Total	957	977	858
Average age		39.06	39.04	39.06
Average years of service		8.62	8.58	9.38
Number of people by education background	Doctoral Degree	0.21	0.10	0.11
	Master degree	6.37	7.06	6.91
	College	58.52	58.65	57.97
	Senior high school	27.59	26.93	26.32
	Below senior high school	7.31	7.26	7.65

IV. Information on environmental protection expenditure

- (I) Losses (including damage compensations) and fines incurred due to pollution of environment in the last year up till the publication date of this annual report:

No losses or penalties due to environmental pollution in 2023.

- (II) Response strategies, improvements and possible expenses:

The expenditures for improving the wastewater treatment system in 2023 amounted to 2.06 million NTD, and the establishment of new air pollution control equipment cost 36.73 million NTD.

- (III) Environmental monitoring fees:

In 2023, the regular environmental monitoring expenses for air pollution, waste water and waste amounted to NT\$2.2 million.

V. Labor-management relations

- (I) Availability and execution of employee welfare, education, training and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights:

Employee welfare measures

1. Employees are entitled to Labor Insurance, National Health Insurance, group insurance, and dependents' group insurance coverage.
2. Employees may receive rewards for successful registration of patents; the Company pays quarterly bonuses depending on operational performance.
3. The Company offers facilities such as canteen, massage room, carpark, and nursery room for its employees. Employees are also entitled to rental subsidies.
4. Employees may enjoy benefits such as wedding subsidy, funeral subsidy, childbirth subsidy, festive vouchers, and birthday vouchers.
5. Domestic/foreign trip subsidies, year-end banquet, and lottery draw.
6. Gathering events (Family Day, Mid-autumn barbecue etc.)
7. Discount at partnered merchants (about 100 merchants covering every lifestyle aspect)
8. The Company subsidizes inter-department gatherings as a means to unite employees, promote open communication, and build up productive working relationship across departments.
9. The Employee Welfare Committee arranges welfare measures and organizes labor-management meetings on a quarterly basis to promote productive working relationship and improve employment terms as well as workers' living and working environment. By promoting assistance and co-dependence, the committee helps ensure mutual benefit and harmony between labor and the management.
10. In addition to offering statutory minimum protections, the Company contributes 0.115% of monthly revenues and 40% of scrap income to employee welfare fund.
11. The Company is dedicated to promoting healthy workplace, and has been awarded "Badge of Accredited Healthy Workplace" by the Health Promotion Administration, Ministry of Health and Welfare, since 2022. The Company organizes employee health checkup, special hazard checkup, and new recruit checkup on a regular basis, and adopts a risk-based approach towards managing and promoting employees' health.
12. Health promotion and fitness events such as: weight loss challenge, eye sight protection, vaccination, healthy diet course, and massage service are organized on a yearly basis.
13. Specialized practices are adopted to control sudden outbreaks of diseases such as: COVID-19, seasonal flu, dengue fever, and tuberculosis.
14. Workplace health risk assessment: workload assessment and management, ergonomic hazard prevention, feminine health assessment and protection, and violence prevention and control.

15. The Company has stationed physicians available to provide employees with health information, consultation, assessment, and recommendation at plant premise.

Continuing education and trainings of employees

For talent cultivation, the consolidated company upholds the concept of training for career development, and strives to improve the quality of human resources and future management talents, in order to shape a good culture and create higher operating performance of the Company. In order to cultivate the talents needed for the company's business development, the annual training planning is formulated based on the business conditions, to strengthen talent development and professional skills through the talent cultivation system.

After the employees of the consolidated company report to onboard, the orientation will be conducted for new recruits. New recruits will be given quality concepts and company quality policy courses in accordance with the new recruits' orientation regulations, so that they will have quality awareness during the work process and always monitor the quality of work. The general health and safety and hazard awareness classes are arranged, to protect the health and safety of employees, while preventing the occupational disasters. Certain employees need to be certified and regularly assessed to ensure that their abilities meet the qualifications.

The number of hours of training held in 2023 was about 10,162 hours, the total number of attendees was about 4,288, and the total training expense was about NT\$952,598. The training results are as follows:

Category	Attendees	Training hours	Training expense
Management courses	149	953	952,598
General knowledge courses	487	1,863	
Quality courses	58	74	
Environmental, safety, and health courses	2,103	4,056	
Professional courses specific to segments	635	1,426	
Intellectual properties/trade secrets/ethical corporate management	681	710	
Orientation for new recruits	175	1,080	
Total	4,288	10,162	

Retirement system

The consolidated entity has implemented an employee retirement policy in accordance with the Labor Standards Act that outlines the retirement condition, pension payment standards, and application procedures. A Labor Pension Supervisory Committee has been assembled to oversee uses of the labor pension fund. The Company makes monthly pension contributions equivalent to 5% of employees' gross salaries. These sums are deposited into a separate account held under Bank of Taiwan in the name of Labor Pension Supervisory Committee to protect workers' interests. Since July 1, 2005, the Company has been complying with the Labor Pension Act and making contributions equal to 6% of employees' monthly salary into their individual pension accounts held under the Bureau of Labor Insurance. For employees who opt to make voluntary contributions, the Company deducts voluntary contributions from their monthly salaries and credits these amounts into their individual pension accounts held under the Bureau of Labor Insurance.

Applicable laws	Labor Standards Act	Labor Pension Act
Method of contribution	The Company makes monthly pension contributions equivalent to 5% of employees' gross salaries. These sums are deposited into a separate account held under Bank of Taiwan in the name of Labor Pension Supervisory Committee.	The Company makes monthly pension contributions equivalent to 6% of employees' gross salaries to their individual accounts held with the Bureau of Labor Insurance.
Amount of contribution	The labor pension fund as of December 2023 had a balance of NT\$73,129 thousand	Pension fund expenses recognized in 2023 amounted to NT\$20,068 thousand.

The consolidated entity is subject to the following rules of Labor Pension Act:

1. Voluntary retirement:

Workers that meet any of the following conditions may apply for voluntary retirement: (for employees who have opted for the Labor Pension Act, the corresponding rules shall apply)

- (1) Aged 55 or above with at least 15 years of service.
- (2) Having completed at least 25 years of service.
- (3) Aged 60 or above at least 10 years of service.

2. Mandatory retirement:

The consolidated entity may not force employees to retire except in any of the following circumstances:

- (1) Aged 65 or above.

(2) Physical or mental disability that renders the employee unfit to work.

The age criteria mentioned in Subparagraph 1 of the preceding Paragraph can be adjusted for positions that involve danger, physical strength, or special requirements, subject to the authority's approval. However, the age criteria must be no less than 55.

3. Pension payment standards:

- (1) For employees who opted to continue adopting pension rules of the Labor Standards Act after the Labor Pension Act came into effect and those who opted to have years of service carried forward from the Labor Standards Act to the Labor Pension Act, pension benefits are calculated according to the rules and standards outlined in Articles 84-2 and 55 of the Labor Standards Act.
- (2) Employees who have accumulated years of service in the manner described in the preceding Paragraph and are subject to the mandatory retirement rules specified in Subparagraph 2, Paragraph 1, Article 54 of the Labor Standards Act are entitled to 20% additional benefits under Subparagraph 2, Paragraph 1, Article 55 of the Labor Standards Act if the physical/mental disability is caused as a result of the duties performed.
- (3) For employees who are subject to the pension scheme specified under the Labor Pension Act, the consolidated entity makes contributions equal to 6% of their monthly salary to their personal pension accounts.

4. Pension benefit payment: The amount of pension benefits payable to employees shall be paid within 30 days after the day of employee's retirement.

Enforcement of labor agreements and employee rights

1. 1. Labor agreement: The consolidated entity is governed by the Labor Standards Act and all labor-related policies and employee work rules are established in compliance with the Labor Standards Act. The consolidated entity places great emphasis on employees' benefits and communication, and therefore has been able to maintain harmonic employment relations. Nevertheless, the consolidated entity will continue promoting communication and eliminate possible disputes for more harmonic employment relations.
2. Protection of employees' interests: The consolidated entity has an employee opinion box in place to collect complaints and opinions from employees, which provide reference for future improvements. Furthermore, a "Illegal Infringement" hotline, 037-582997#10500, has been set up for employees to report misconducts.
3. Employees' conducts and moral principles
The consolidated entity has outlined employee code of conduct as part of its work rules, which requires employees to comply with the following principles over the course of service:

- (1) Obey all rules of the Company.
- (2) Follow the command and supervision of managers.
- (3) Devote full attention to the tasks assigned.
- (4) Be loyal and act in the Company's best interests.
- (5) Refrain from revealing or inquiring salary package of other employees.
- (6) Refrain from exploiting the vested authority for acceptance of gift, fraud, or any other action against the Company's interests.
- (7) Wear and maintain proper custody of ID badges according to the Company's policies.
- (8) Maintain appropriate appearance and treat customers and colleagues with respect.
- (9) Act and speak with discretion, and accomplish the work duties assigned.
- (10) Refrain from bringing firearms, blades, hazardous items, contrabands, or items unrelated to work activities into the workplace; refrain from removing Company properties off plant premise without permission.
- (11) The labor safety and health laws and regulations shall be observed, to ensure the workers' safety and health0
- (12) Refrain from downloading or copying software without permission, and refrain from transmitting data and information via e-mail or the Internet that may cause harm to others.
- (13) Employees are bound by their duty of loyalty and integrity to maintain confidentiality of all business or technological secrets gained from work, whether during or after their employment, and shall refrain from revealing, informing, handing, transferring, publishing, or releasing the above information to others.

Work environment and employees' safety

The consolidated entity recognizes employees as the pillar that supports a business, and is therefore dedicated to creating a safe, healthy, and comfortable work environment and encourages employees to participate actively in work safety programs and emergency response drills for improved work safety awareness. Environment, health and safety tests and inspections are conducted regularly. As the world enters a green era, pollution prevention has emerged to become a key issue in business management. Through introduction of various initiatives and improvement measures, the Company aims to effectively reduce industrial waste, reuse resources, raise occupational safety awareness, promote safety and comfort of the operating environment, and contribute to environmental protection as part of its corporate social responsibilities.

1. The Company makes plans, takes samples, conducts monitoring and tests, and performs analyses to gain full understanding of the state and condition of workers' work environment. These actions are taken to protect workers from the harm of hazardous substances present in the workplace, and to provide workers with a safety and comfortable work environment.

The Company tests its operating environment twice a year to gather information on the work condition that employees are exposed to, so that effective precautionary measures can be taken.

2. Based on the nature of the operation and the graded management of chemicals, the information are collected and tested; it is plan to commission a qualified organization to conduct the operation environment at least twice a year, and gradually the actual exposure status of the employees and workplace becomes known, and to be used as the basis of physical examinations and effective response and preventive measures.
3. The Company has established its auto-inspection management regulations to serve as guidance for self-inspection tasks. Through division of responsibility, total participation, regular inspection, key area inspection, operational inspection, and security patrol, the Company ensures that safety and health self-inspections are duly performed to keep machinery and equipment operating at a safe state, and that the operating environment is maintained properly to be free of hazard. These practices help secure safety of personnel and integrity of the Company's equipment and property. Execute pursuant to the auto inspection management regulations (SW-ESH-05).
4. All dangerous machinery and equipment used are being managed in a manner that complies with laws. All equipment that have been designated to be highly dangerous, whether by law or by the Company, are subjected to inspections before, during, and after use. Establishment (amendment) of safety/health self-inspection policies and equipment self-inspection checklists for all machinery, equipment, tools, operating environment, and personnel within plant premise.
 - (1) Inspection and reporting of new machinery, equipment, tools, and workplace within plant premise.
 - (2) General inspection of machinery, equipment, tools, and workplace within plant premise, and the handling, response, and follow up of abnormal findings.

Item	Regular inspection	Key area inspection	Operational inspection
hazardous equipment	Yearly	Yearly	Daily
Organic solvent	Monthly	--	--
Specific chemicals	Monthly	--	--
Explosion-proof electrical equipment	Monthly	--	--
Emergency shower	Monthly	--	--
Forklift	Monthly	--	Daily
Powered centrifugal machinery	Monthly	--	--
Specific chemical equipment	--	Every two years	--

Item	Regular inspection	Key area inspection	Operational inspection
High-pressurized gas container	Five years	--	Daily
Dehydration equipment	--	Yearly	--
local exhaust	Monthly	--	--
Elevating equipment	Monthly	Yearly	

5. Various education and trainings related to safety and health.

Refer to all employees, specific operations, self-defense firefighting team and other job description, appropriate courses or trainings are arranged to strengthen their concept and familiarity with safety and health, to promote employees' safety awareness, make the working environment safer and more comfortable, as the fulfillment of the corporate responsibility for safety and health.

Item	Frequency (re-training)	Attendees
General health and safety education	Three hours for every three years	All employee
General education of hazard	Three hours for every three years	All employee
Supervisor of Organic Solvent Operation	Six hours every three years	Chemical operation
Supervisor of Specialized Chemical Substance Operation	Six hours every three years	Chemical operation
Training of radiative protection	Three years and three hours	Operation of radiative equipment
Training of first aid personnel	Three hours for every three years	Self-guard and firefighting
Breath protection	Two hours every year	Chemical operation
Fire-fighting education	Four hours every six months	Self-guard and firefighting
Emergency contingency	One hour per year	Self-guard and firefighting
ISO 45001	Once per year	ISO auditor
Civil defense corp	Eight hours per year	Self-guard and firefighting

Below are more detailed descriptions of the consolidated entity's management goals, measures, and solutions regarding the work environment, personnel safety, and

protection:

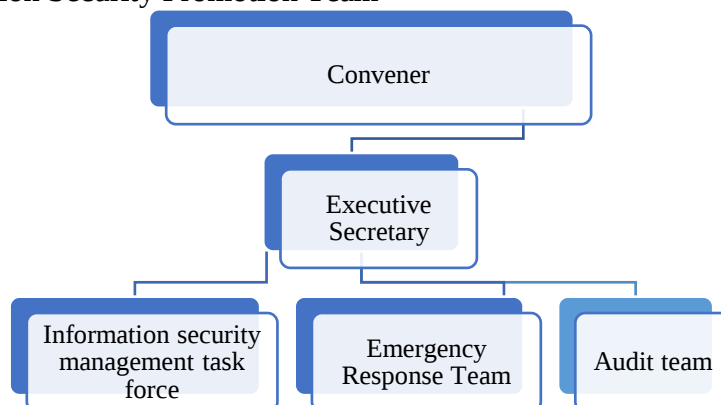
Serial No.	Management goal	Description of issues or requirements	Solutions executed
1	Waste reduction, recycling, and reuse	Waste from production activities is commonly disposed as general waste, which results in the increase of industrial waste.	Waste from production activities is duly sorted; recyclable and reusable waste is handed over to qualified service providers for further treatment.
2	Reduction of waste pallets	All incoming materials are shipped with wooden pallets. These wooden pallets take up much space and are utilized at such a low rate that the Company has to incur additional costs just to remove them.	Pallets are given to business partners in need or sent to waste wood treatment facilities approved by the Environmental Protection Administration. By reducing the number of waste pallets, the Company incurred lower expenses on waste disposal.
3	Effective prevention against leakage of waste motor oil or solvent	Production and equipment maintenance activities produce small volumes of waste motor oil or solvent that can be found in various units.	A temporary storage area has been set up to collect waste motor oil and solvent into a large container. Contents of the container are labeled "recyclable" and are recycled/reused after accumulating to a certain volume.
4	Installation of circuit breaker and protective circuit	Electrical wiring and equipment in certain parts of the plant premise are outdated, which pose risk of power leakage and spark.	Protective devices and shields have been installed to prevent power leakage.
5	Inspection and repair of fire safety equipment	To ensure that fire safety equipment functions properly in the work environment.	Fire safety facilities are inspected on a yearly basis and counted each month. All malfunctioned fire equipment is repaired immediately.
6	Worker health checkup and management (special health checkup included)	To organize annual health checkup and management for workers.	Health checkups are being arranged according to worker health protection rules. Health checkup results are disseminated to workers as soon as they are ready; findings are consolidated and compiled into health manuals to serve as guidance.
7	Operating environment monitoring	To provide a work environment free of safety and health concerns.	Chemicals and substances in the operating environment are monitored and tested every six months in compliance with laws. Concentration levels above the legal limit will have to be rectified or labeled as soon as possible.
8	Hazardous chemicals labeling and management	Hazardous substances are used in plant premise, and require enhanced management.	A list of hazardous and dangerous items has been created and updates are being made to labels and the substance safety sheet. Workers are trained regularly on the labeling and general knowledge of hazardous chemicals.

(II) Actual or estimated losses arising as a result of employment dispute in the last year up until the publication date of annual report, and any response measures taken: None.

VI. Cyber security management

To strengthen information security management, ensure the security of corporate data, systems, equipment and network, prevent the unauthorized access, use, control, leakage, compromise, alteration, destruction, or other infringement suffered by the information or cyber system, and ensure the confidentiality, integrity and availability of core business-related information assets, so as to provide an information security environment for the continuous operation of information systems, and comply with requirements of relevant laws and regulations, for avoiding the risks of deliberately internal or external threats or improper management and use by the internal personnel, resulting in tampering, disclosure, destruction or loss of data, the consolidated company regulates the specific information security policy. This policy is evaluated at least once a year, to comply with the latest developments in relevant laws, technology and business, for ensuring the effectiveness of information security practices, and implementing the following management policies to prevent the possibility of information security risks.

1. Information Security Promotion Team



Information security promotion team organization description:

Convener: The President serves as the convener

Responsibilities: Administering the affairs of the IT Security Promotion Team.

Executive Secretary: To be appointed by the convener of the information security promotion team

Responsibilities: Responsible for information security management operations, serves as the administrator of the ISMS, and assists in arranging information security

Facilitate group meetings.

Information security management team: composed of the heads of the information units and their designated representatives.

Responsibilities: Plan, establish, implement, maintain, review and continuously improve the Company's information security management system, and escalate information security-related topics to the information security management review meeting. Coordinate the internal audit schedule, supervise the audit implementation and corrective/preventive improvement measures. Advocate and educate colleagues to follow the resolutions of the information security promotion team and communicate and coordinate with related units.

Emergency management team: To be served by the person in charge of each key operation.

Responsibilities: When a major information security incident occurs, take charge of developing, maintaining, updating and executing various disaster relief measures.

Recovery Procedures.

Audit team: It consists of representatives appointed by the head of the Audit Office and the head of the information unit.

Responsibilities: Responsible for formulating information security related audit plans, executing audit operations, and tracking non-conformance incidents.

corrective/preventive measures.

2. Information security management policy

- (1) Ensure the data security, availability, data integrity and service continuity of the core business.
- (2) Implement management measures and standard operating procedures for user platform development and maintenance, computer room management, and outsourcing management.
- (3) The panorama and scope of information security should correspond to the requirements of the Company's important business processes and continuous operations.
- (4) Regularly implement information security education and promotion, to enhance the concept of information security among employees and the awareness of related information security responsibilities.
- (5) Employees conduct business pursuant to various management measures and operational procedures, to maintain the normal operation of the Company.
- (6) The execution of information business activities must comply with the requirements of relevant laws or regulations.
- (7) Implement regular monitoring and information security internal audit system, to ensure that information security management is implemented in daily maintenance, operation and business activities.
- (8) This policy is evaluated by the "Information Security Committee" at least once a year to comply with the latest developments in relevant laws, technology, and business, for ensuring the effectiveness of information security practices.

3. Concrete management program

- (1) The executives of the Company actively participate in information security management activities and provide support and commitment to information security.
- (2) Provide employee with information security training courses to enhance employees' information security awareness.
- (3) When outsourcing information business operations, the information security needs should be researched in advance, and the information security responsibilities and confidentiality requirements for contractors should be clearly defined and included in the contract, requiring contractors to comply with, and be audited regularly.

- (4) All employees shall comply with the Company's information security incident reporting mechanism, and report information security incidents or information security vulnerabilities discovered.
 - (5) Protect the Company's business activity information from unauthorized access and alteration, to ensure its accuracy and integrity.
 - (6) Any conduct that endangers information security will be sued for civil, criminal, and/or administrative responsibilities, or punished based the relevant regulations of the Company depending the materiality.
 - (7) To ensure the Company's information security, the intrusion prevention services are installed at the internet side to block network viruses and intrusion attacks; additionally, through the establishment of a corporate firewall, viruses and intrusion attacks are blocked before the Company's internal network .
 - (8) To prevent the invasion of computer viruses, the computer devices used by the enterprise shall install anti-virus programs, and the relevant virus patterns and virus scanning engines are regularly updated, and update the vulnerability fixing programs for the operating systems.
 - (9) Implement the data backup, preservation and backup data availability test for the enterprise operation system.
4. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: Nonw
 5. Total number of hours of information security meetings and total number of key executives in 2023
 - (1) Total number of personnel involved in the execution of information security: 3
 - (2) Hours of information security meetings: 35 hours

VII. Major contracts

Nature of contract	Parties involved	Contract start/end date	Main contents	Restrictive clauses
Joint development contract	Industrial Technology Research Institute (ITRI)	2018.10.01-2020.03.31	ITRI Technical Service Outsourcing Contract	None
Procurement contract	Tong Yang Mechanical Engineering Co., Ltd.	2019.08.23-2020.08.23	Kejung Plant - HFD wastewater system expansion work	None
Procurement contract	Tong Yang Mechanical Engineering Co., Ltd.	2019.08.23-2020.08.23	Kejung Plant - Outsourced expansion and improvement of disposal system for HFC organic waste fluid	None
Joint development contract	HIWIN Mikrosystem Corp.	2020.01.06-2025.01.06	Confidentiality agreement for design and production of photodiodes	None

Nature of contract	Parties involved	Contract start/end date	Main contents	Restrictive clauses
Procurement contract	Yeu Chern Environment Technology Co., Ltd.	2020.05.06-2021.05.06	Kejung Plant - construction of underground tank for recycling of organic waste fluid	None
Joint development contract	Advanced Analog Technology, Inc.	2020.06.18-2023-06.18	Outsourcing contract for development of special integrated circuitry	None
Joint development contract	PlayNitride Display Co., Ltd.	2020.07.01-2023.07.01	Confidentiality agreement for collaborative development of micro photodiode sensor technology	None
Joint development contract	National Chiao Tung University	2020.11.01-2021.10.31	Industry-academia collaboration for development of UV sensor using gallium(III) oxide materials	None
Joint development contract	National Chiao Tung University	2021.01.21-2022.01.21	National Chiao Tung University industry-academic cooperation research program supplementary contract	None
Construction contract	CHANG HUA WATER REFINER CO., LTD.	2021.10.15-2022.10.15	Kejung Plant - expansion construction for cutting water	None
Construction contract	Shine Passion Engineering Co., Ltd.	2021.11.01-2022.11.01	3F, Kejung Plant - new construction for clean room	None
Procurement contract	Tempress Systems B.V.	2022.01.07-2023.01.07	New Furnace system TS61004 LH-BM (OX+Sipos)	None
Construction contract	Shine Passion Engineering Co., Ltd.	2022.01.20-2023.01.20	Secondary distribution project of clean room on the third floor of Kejung Plant	None
Joint development contract	Taiwan Semiconductor Research Institute	2022.03.24-2025.03.23	Non-closure agreement between the Taiwan Semiconductor Research Institute for sensor-related research projects	None
Construction contract	Superior Air Treatment Tec., Inc.	2022.09.08-2023.09.08	VOCs waste disposal system	None
Procurement contract	Long Lake (a subsidiary of LiMeiDe Group)	2023.06.01- 2024.05.31	Procurement contract (sale of GaP EOL materials)	None
Construction contract	SSC	2023.09.15-2028.09.17	SSC_VMI contract (continued) and new terms	None
Construction contract	SSV	2023.09.15-2028.09.17	SSV_VMI contract	None
Construction contract	Chipwell Tech Corporation	2023.07.31-2026.07.31	Wafer processing contract	None
Procurement contract	Distributor	2023.10.01-2025.09.30	Distributor authorization contract	None

Six. Financial Overview

I. Summary balance sheet and statement of comprehensive income for the last 5 years

Summary balance sheet (consolidated) - IFRS-compliant

Unit: NTD thousand

Account	Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	The year ended March 31, 2024 Financial Information (Note 2)
Current assets		3,501,197	3,452,024	3,821,057	3,141,128	3,012,468	2,633,976
Property, plant, and equipment		1,877,724	1,714,593	1,686,193	1,838,843	1,896,813	1,838,168
Intangible asset		3,286	2,172	1,561	6,762	12,431	11,688
Other assets		849,510	1,039,979	805,876	443,285	428,867	420,865
Total assets		6,231,717	6,208,768	6,314,687	5,430,018	5,350,579	4,904,697
Current liabilities	Before dividend	1,558,060	1,334,961	1,123,929	879,533	966,207	732,818
	After dividend	1,648,247	1,560,428	1,424,551	879,533	1,026,331	-
non-current liabilities		952,283	927,645	694,322	554,904	503,565	401,723
Total liabilities	Before dividend	2,510,343	2,262,606	1,818,251	1,434,437	1,469,772	1,134,841
	After dividend	2,600,530	2,488,073	2,118,873	1,434,437	1,529,896	-
Equity attributable to parent company shareholders		3,687,550	3,908,878	4,457,896	3,960,085	3,838,446	3,770,156
Share capital		3,006,223	3,006,223	3,006,223	3,006,223	3,006,223	3,006,223
Capital surplus		223,902	224,694	243,639	243,873	245,261	245,758
Retained earnings	Before dividend	546,461	741,139	1,230,469	756,372	624,197	548,019
	After dividend	456,274	515,672	929,847	756,372	564,073 (Note 3)	-
Other equities		(89,036)	(63,178)	(22,435)	(46,383)	(37,235)	(29,844)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		33,824	37,284	38,540	35,496	42,361	0
Total amount of equity	Before dividend	3,721,374	3,946,162	4,496,436	3,995,581	3,880,807	3,770,156
	After dividend	3,631,187	3,720,695	4,195,814	3,995,581	3,820,683	-

Note 1: Financial information from 2019 to 2023 presented above has been audited.

Note 2: Financial information for the first quarter of 2024 was auditor-reviewed.

Note 3: Amount resolved by the board of directors on February 21, 2024.

Summary statement of comprehensive income (consolidated) - IFRS-compliant

Unit: NTD thousand

Item \ year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	The year ended March 31, 2024 Financial Information (Note 2)
Operating income	2,519,855	2,428,616	3,163,375	2,419,509	2,267,637	554,637
Gross income from operations	385,072	360,742	716,661	386,604	232,239	83,630
Operating income (loss)	(28,352)	8,328	310,547	37,437	(143,225)	(3,916)
Total non-operating income and expenses	259,883	355,661	510,543	(201,445)	(17,778)	(3,096)
Net (loss) profit before tax	231,531	363,989	821,090	(164,008)	(161,003)	(7,012)
Net income (loss) of the continuing operations for the period	209,390	307,901	726,132	(184,423)	(135,695)	(13,789)
Loss from discontinued operation	—	—	—	—	—	—
Net income (loss) for this period	209,390	307,901	726,132	(184,423)	(135,695)	(13,789)
Other comprehensive income in this period (net amount after tax)	(15,317)	17,938	30,664	(15,857)	8,776	7,391
Total comprehensive income in the current period	194,073	325,839	756,796	(200,280)	(126,919)	(6,398)
Net income attributable to stockholders of the parent	179,858	304,498	724,850	(181,505)	(131,954)	(16,054)
Net income attributable to non-controlling interests	29,532	3,403	1,282	(2,918)	(3,741)	(2,265)

Item \ year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	The year ended March 31, 2024 Financial Information (Note 2)
Total comprehensive income attributable to stockholders of the parent	164,678	322,379	755,540	(197,423)	(123,027)	(8,663)
Total comprehensive income attributable to non-controlling interests	29,395	3,460	1,256	(2,857)	(3,892)	(2,265)
Earnings per share (EPS)	0.60	1.02	2.41	(0.60)	(0.44)	(0.05)

Note 1: Financial information from 2019 to 2023 presented above has been audited.

Note 2: Financial information for the first quarter of 2024 was auditor-reviewed.

Condense Parent Company-Only Balance Sheet -IFRS-compliant

Unit: NTD thousand

Year Item and Degree		2019	2020	2021	2022	2023
Current assets		2,827,571	2,758,124	3,210,649	2,615,290	2,443,389
Property, plant, and equipment		1,641,571	1,537,444	1,494,318	1,651,585	1,735,243
Intangible asset		2,435	1,712	1,458	6,708	12,334
Other assets		1,396,624	1,660,966	1,408,705	963,306	881,181
Total assets		5,868,201	5,958,246	6,115,130	5,236,889	5,072,147
Current liabilities	Before dividend	1,253,158	1,135,383	968,323	729,466	768,594
	After dividend	1,343,345	1,360,850	1,268,945	729,466	828,718
non-current liabilities		927,493	913,985	688,911	547,338	465,107
Total liabilities	Before dividend	2,180,651	2,049,368	1,657,234	1,276,804	1,233,701
	After dividend	2,270,838	2,274,835	1,957,856	1,276,804	1,293,825
Equity attributable to parent company shareholders		3,687,550	3,908,878	4,457,896	3,960,085	3,838,446
Share capital		3,006,223	3,006,223	3,006,223	3,006,223	3,006,223
Capital surplus		223,902	224,694	243,639	243,873	245,261
Retained earnings	Before dividend	546,461	741,139	1,230,469	756,372	624,197
	After dividend	456,274	515,672	929,847	756,372	564,073 (Note 2)
Other equities		(89,036)	(63,178)	(22,435)	(46,383)	(37,235)
Treasury stock		—	—	—	—	—
Total amount of equity	Before dividend	3,687,550	3,908,878	4,457,896	3,960,085	3,838,446
	After dividend	3,597,363	3,683,411	4,157,274	3,960,085	3,778,322

Note 1: Financial information from 2019 to 2023 presented above has been audited.

Note 2: The amount resolved by the board of directors on February 21, 2024.

Statement of comprehensive income (standalone) - IFRS-compliant

Unit: NTD thousand

Account \ year	2019	2020	2021	2022	2023
Operating income	2,015,660	2,200,552	2,953,154	2,203,396	2,003,883
Gross income from operations	229,677	301,853	623,451	334,301	200,153
Operating income	(36,325)	9,259	285,086	57,112	(100,964)
Total non-operating income and expenses	228,184	333,919	523,091	(219,091)	(46,336)
Net (loss) profit before tax	191,859	343,178	808,177	(161,979)	(147,300)
Continuing operations Net income	179,858	304,498	724,850	(181,505)	(131,954)
Loss from discontinued operation	—	—	—	—	—
Net income (loss)	179,858	304,498	724,850	(181,505)	(131,954)
Other comprehensive income recognized for the period (Net amount after tax)	(15,180)	17,881	30,690	(15,918)	8,927
Total comprehensive income in the current period	164,678	322,379	755,540	(197,423)	(123,027)
Earnings per share (EPS)	0.60	1.02	2.41	(0.60)	(0.44)

Note: Financial information from 2019 to 2023 presented above has been audited.

Names of financial statement auditors in the last 5 years and audit opinions

Year of audit	Name of accounting firm	Name of CPA	Audit opinion
2019	Deloitte Taiwan .	Su-Li Fang, Cheng-Chih Lin	Unqualified opinion
2020	Deloitte Taiwan .	Su-Li Fang, Cheng-Chih Lin	No qualified conclusion/opinion (matters addressed or other matters)--other matters--application of reports audited by other CPAs and the responsibility desired to be divided.
2021	Deloitte Taiwan .	Su-Li Fang, Cheng-Chih Lin	No qualified conclusion/opinion (matters addressed or other matters)--other matters--application of reports audited by other CPAs and the responsibility desired to be divided.
2022	Deloitte Taiwan .	Su-Li Fang, Chen, Ming-Hui	No qualified conclusion/opinion (matters addressed or other matters)--other matters--application of reports audited by other CPAs and the responsibility desired to be divided.
2023	Deloitte Taiwan .	Su-Li Fang, Chen, Ming-Hui	No qualified conclusion/opinion (matters addressed or other matters)--other matters--application of reports audited by other CPAs and the responsibility desired to be divided.

II. Financial analysis for the last 5 years

(I) Consolidated financial analysis - IFRS-compliant

Analysis \ Year (Note 1)		2019	2020	2021	2022	2023	The year ended March 31, 2024
Financial position (%)	Debt to assets ratio	40.28	36.44	28.79	26.42	27.47	23.13
	Long-term capital to property, plant & equipment ratio	248.90	284.25	307.84	247.46	231.14	226.96
Solvency %	Current ratio	224.72	258.59	339.97	357.14	311.78	359.43
	Quick ratio	181.37	203.21	263.53	262.74	228.01	275.65
	Interest coverage ratio	9.88	16.06	40.99	-11.75	-9.81	-1.59
Operating efficiency	Accounts receivable turnover (times)	3.03	2.86	3.31	2.88	3.30	3.33
	Average cash collection days	120	128	110	127	110	110
	Inventory turnover (times)	2.11	2.61	2.75	2.15	2.19	2.30
	Accounts payable turnover (times)	6.12	6.41	5.98	5.17	5.60	5.52
	Average inventory turnover days	173	140	133	169	166	159
	Property, plant and equipment turnover (times)	1.35	1.35	1.86	1.37	1.21	1.19
	Total asset turnover (times)	0.40	0.39	0.51	0.41	0.42	0.43
Profitability	Return on assets (%)	3.64	5.26	11.86	-2.97	-2.30	-0.91
	Return on equity (%)	5.22	8.03	17.20	-4.34	-3.24	-1.44
	Pre-tax profit to paid-up capital (%)	7.70	12.11	27.31	-5.46	-5.36	-0.93
	Net profit margin (%)	8.31	12.68	22.95	-7.62	-5.98	-2.49
	Earnings per share (NTD)	0.60	1.02	2.41	(0.60)	(0.44)	(0.05)
Cash flows	Cash flow ratio (%)	22.88	12.85	22.75	71.64	16.20	-5.50
	Cash flow adequacy ratio (%)	84.11	69.74	50.87	81.27	88.49	75.11
	Cash reinvestment ratio (%)	(0.07)	1.29	0.43	4.66	2.19	(0.58)
Degree of leverage	Operating leverage	(12.72)	29.09	1.80	8.33	(1.16)	(17.41)
	Financial leverage	0.52	(0.53)	1.07	1.52	0.91	0.59

Note: All yearly financial information presented above has been audited.

(II) Standalone financial analysis - IFRS-compliant

Analysis \ Year		2019	2020	2021	2022	2023
Financial position (%)	Debt to assets ratio	37.16	34.40	27.10	24.38	24.32
	Long-term capital to property, plant and equipment	281.14	313.69	344.43	272.92	248.01
Solvency %	Current ratio	225.64	242.92	331.57	358.52	317.90
	Quick ratio	178.61	185.12	253.33	259.10	236.72
	Interest coverage ratio	11.07	17.69	44.41	-13.79	-11.43
Operating efficiency	Accounts receivable turnover (times)	2.74	2.85	3.17	2.69	3.26
	Average cash collection days	133	128	115	136	112
	Inventory turnover (times)	2.44	2.67	2.90	2.20	2.29
	Accounts payable turnover (times)	7.20	6.66	6.22	5.24	5.76
	Average inventory turnover days	150	137	126	166	160
	Property, plant and equipment turnover (times)	1.42	1.38	1.95	1.33	1.18
	Total asset turnover (times)	0.35	0.37	0.49	0.42	0.39
Profitability	Return on assets (%)	3.42	5.43	12.25	-3.30	-2.38
	Return on equity (%)	4.75	8.02	17.33	-4.58	-3.38
	Pre-tax profit to paid-up capital (%)	6.38	11.42	26.88	-5.39	-4.90
	Net profit margin (%)	8.92	13.84	24.54	-8.24	-6.58
	Earnings per share (NTD)	0.60	1.02	2.41	(0.60)	(0.44)
Cash flows	Cash flow ratio (%)	18.88	9.14	21.82	82.69	30.95
	Cash flow adequacy ratio (%)	90.16	81.89	64.68	87.62	32.25
	Cash reinvestment ratio (%)	(2.16)	0.22	(0.21)	4.62	3.61
Degree of leverage	Operating leverage	(3.69)	22.90	1.71	5.06	(1.55)
	Financial leverage	0.66	(0.82)	1.07	1.24	0.89

Reasons of changes in each finance ratios during the recent two years

1. Financial structure: The ratio of long-term capital decreased due to the increase in property, plant and equipment.
2. Solvency: The Company's solvency was reduced due to a decrease in cash and cash equivalents due to operating losses.
3. Operating ability: Due to the decrease in average accounts receivable and the disposal of inventories, accounts receivable and inventory turnover rate increased.
4. Profitability: lower net loss after tax due to lower reinvestment losses of non-operating income.
5. Cash flow: The cash flow ratio decreased due to the decrease in operating revenue.

Note: All yearly financial information presented above has been audited.

Formula for financial analyses (IFRS):

1. Financial position

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

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
- (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.

3. Operating efficiency

- (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
- (2) Average cash collection days = 365 / receivables turnover.
- (3) Inventory turnover = cost of sales / average inventory balance.
- (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
- (5) Average inventory turnover days = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
- (7) Total asset turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses x (1 - tax rate)) / average asset balance.
- (2) Return on equity = net income / average shareholders' equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends) / weighted average outstanding shares.

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Degree of leverage:

- (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
- (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's report on the review of the latest financial report

TYNTEK Corporation **Audit Committee's Review Report**

We have reviewed the Company's 2023 business report, consolidated financial statements, parent-company only financial statements, and earning distribution proposal prepared by the board of directors. The consolidated financial statements, parent-company only financial statements have been audited and attested by Su-Li Fang, CPA and Chen, Ming-Hui, CPA of Deloitte Taiwan, with the independent auditor's report issued. The aforementioned business report, consolidated financial statements, parent-company only financial statements, and earning distribution proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the Audit Committee of TYNTEK Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Submitted to

2024 Regular Shareholders' Meeting

TYNTEK Corporation

Audit Committee

Convener: Liu, Yin-Fei

February 21, 2024

IV. The financial statements of the most recent year: please refer to Appendix 1 of the annual report.

V. Latest audited parent-only financial statements by the CPAs: please refer to Appendix 2 of the annual report.

VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position in the last year up until the publication date of annual report: None.

Seven. Review of Financial Position, Operating Results, and Risk Management Issues

I. Financial position:

Comparative statement of financial position

Unit: NTD thousand

Item \ Year	December 31, 2023	March 31, 2022	Difference	
			Amount	%
Current assets	3,012,468	3,141,128	(128,660)	(4.10)
Financial asset	61,327	45,417	15,910	35.03
Financial assets at amortized cost - non-current	-	6,665	(6,665)	(100.00)
Investments accounted for using equity method	186,898	192,780	(5,882)	(3.05)
Property, plant, and equipment	1,896,813	1,838,843	57,970	3.15
Other intangible assets	12,431	6,762	5,669	83.84
Other assets	180,642	198,423	(17,781)	(8.96)
Total assets	5,350,579	5,430,018	(79,439)	(1.46)
Current liabilities	966,207	879,533	86,674	9.85
Long-term liabilities	381,442	431,092	(49,650)	(11.52)
Other liabilities	122,123	123,812	(1,689)	(1.36)
Total liabilities	1,469,772	1,434,437	35,335	2.46
Share capital	3,006,223	3,006,223	—	—
Capital surplus	245,261	243,873	1,388	0.57
Retained earnings	624,197	756,372	(132,175)	(17.47)
Other equities	(37,235)	(46,383)	9,148	(19.72)
Treasury stock	—	—	—	—
Non-controlling interests	42,361	35,496	6,865	19.34
Total shareholders' equity	3,880,807	3,995,581	(114,774)	(2.87)
Reasons for increased/decreased proportion analysis: explanation provided for these changes of NT\$100 million or 20% or more. 1. Financial assets: Mainly due to the recovery of the fair value of marketable securities. 2. Financial assets measured at amortized cost - non-current: due to the decrease in time deposits with maturity over 1 year. 3. Other intangible assets: Mainly due to the increase in purchase of computer software. 4. Retained earnings: due to the 2023 operating loss after tax of NTD 131,954 thousand.				

II. Financial performance

(I) Key reasons of material changes in the operating revenue, operating net income, and net income before tax during the recent two years

Unit: NTD thousand

Account \ Year	2023	2022	Increased/decreased amount	Percentage of change (%)
	Total	Total		
Operating revenue, net	2,267,637	2,419,509	(151,872)	(6.28)
Operating costs	2,035,398	2,032,905	(413,809)	(20.36)
Gross income from operations	232,239	386,604	(330,057)	(85.37)
Operating expenses	376,015	349,598	(56,493)	(16.16)
Other income and expenses, net	551	431	454	105.34
Operating income (loss)	(143,225)	37,437	(273,110)	(729.52)
Non-operating income and expense	(17,778)	(201,445)	(711,988)	353.44
Net (loss) income before tax for the current period	(161,003)	(164,008)	(985,098)	600.64
Income tax expense	(25,308)	20,415	(74,543)	(365.14)
Net (loss) income for the period	(135,695)	(184,423)	(910,555)	493.73
Analysis of changes in proportion: the key reasons of changes of NT\$100 million and 20% or more between two consecutive period, and their impact, as following:				
1. Gross operating profit: Fewer customer orders year-on-year, and the decrease in capacity utilization resulted in higher costs, and thus gross profit decreased.				
2. Non-operating income and expenses: due to the decrease in the valuation loss of financial assets in 2023.				
3. Income tax expenses: Mainly due to the increase in deferred income tax assets, resulting in a decrease in expenses.				

(II) Sales forecast and basis

The consolidated company anticipates that sales volumes in 2024 will increase compared to 2023. This expectation is based on changes in the overall economic environment, industry trends, and the company's future development direction, and takes into consideration the operational objectives set by the company based on its operating conditions.

(III) Possible financial impacts and response plans

Facing the economic development in the post-pandemic era, the invisible light LED market, including applied sterilization, sensing, signal transmission, remote control, data connection, and line protection, is expected to show a growth trend in 2024 due to the characteristic of small quantity with diversity. However, for the mobile devices and consumer products, due to the slowdown in global economic growth, coupled with elevated terminal inventory, high inflation, and splits of tourism budget, the demand for LEDs will decline. Therefore, it is expected that there will be a moderate growth in 2024.

The consolidated entity is actively expanding into non-LED fields including sensors as a means to satisfy demand for applications such as wearable device, automobile, consumer electronics, and medicine, and strives for the innovation of the future sensor in the smart era.

III. Cash flow

(I) Liquidity analysis in the recent two years

item \ Year	2023	2022	Percentage of increase (decrease) %
Cash flow ratio	16.20	71.64	(77.39)
Cash flow adequacy ratio	88.49	81.27	8.88
Cash reinvestment ratio	2.19	4.66	(53.00)
Analysis of changes in proportion: (analysis of these changes of 20% or more) Cash flow ratio: Mainly due to the decline in sales revenue, resulting in a decrease in cash inflow from operating activities. Cash reinvestment ratio: mainly due to the decrease in working capital from the previous year.			

(II) Improvement plans for illiquidity: The funds of the consolidated company are adequately filled through financing activities and available for use flexibly, without the problem of insufficient liquidity.

(III) Liquidity analysis for the next year

Unit: NTD thousand

Beginning cash balance 1	Expected net cash flows from operating activities 2	Expected net cash flows from investing and financing activities 3	Anticipated cash surplus (deficit) amount 1+2-3	Remedies for cash deficits	
				Investment plan	Financing plan
1,189,849	76,523	335,965	930,407	-	-
Changes of cash flows for the next year are analyzed as following: Operating activities: Cash outflows during the year primarily due to the expectation for lower accounts receivable and payments for accounts payable in 2024 Investing activities: The cash outflow for the whole year is due to the expected investment in new equipment, system upgrades, and Si component product expansion investment capital expenditure in 2024. Financing activities: Cash inflows during the year primarily due to anticipated repayments from L/Cs and proceeds from loans in 2024.					

IV. Material capital expenditures in the last year and impacts on financial position and business performance:

(I) Utilization of major capital expenditures and source of funds, and nature of capital expenditure expected to be invested in the future:

Unit: NTD thousand

Project	Actual or expected source of funds	Actual or expected date of completion	Total required fund	Actual or expected utilization of funds
				2024
Investment of capacity expansion for Si components in Kejung Plant	Equity capital/bank borrowings	2024 Q1 - 4	213,638	213,638
Add and improve cooling water system, air conditioning system, power system and pure water system performance.	Self-owned fund	2024 Q2 - 4	45,470	45,470
Improve quality inspection analysis and testing equipment	Self-owned fund	2024 Q1-2	6,334	6,334
Networking and upgrading of computer equipment	Self-owned fund	2024 Q2 - 4	17,128	17,128
Upgrading and renewing fire safety equipment and systems	Self-owned fund	2024 Q2 - 3	9,060	9,060

(II) Expected effects generated:

1 Purchase of machines and equipment:

In 2024, It is estimated that the total benefits that may be generated by purchasing machinery and equipment with the self-owned funds are as follows:

Unit: million pieces/PCS; NT\$ thousand

Y e a r	I t e m	S a l e s V o l u m e	S a l e s V a l u e
2024	Compound Semiconductor	7,451	714,000
	Si component	16,140	1,627,000
	Si components (PCS)	127,965	

2 Add and improve cooling water system, air conditioning system, power system and pure water system performance:

2.1 To cope with the expansion of capacity, the Company replaces old or malfunctioning power-consuming equipment such as local ice machines/pumps/air compressors, to increase the overall energy-saving rate of the equipment.

2.2 To save electricity and comply with temperature and humidity control regulations, efforts are made to enhance energy efficiency and maintain the quality of clean rooms.

2.3 Increasing the on-site water storage capacity reduces the risk of water shortages; improve the water recycling efficiency in line with the sustainable development of the company.

2.4 Integrate the old and new cutting water system to strengthen the system functions.

3 Quality inspection and analysis and testing equipment: Enhance the anti-static endurance capacity of tested products, appearance inspection, reliability test benefits, and strengthen the accuracy of analytical and supporting data.

4 Networking and upgrading of computer equipment:

4.1 The networking of measuring equipment is a technology that connects measuring devices through the internet, enabling real-time data collection, analysis, and management.

4.2 Integrating communication standards of disparate devices and standardizing frameworks enable machines to connect to networks, complement systems, enhance mass production management, reduce rework and abnormal production, lower material wastage, and increase machine utilization rates.

4.3 Help enterprises increase production efficiency, reduce costs, and achieve higher quality control.

4.4 Improve the execution and processing capability of computer hardware, reduce the waiting time of manual operations to improve work efficiency, and collaborate with new operating systems and application software, to reduce information security vulnerabilities and information security risks.

5 Upgrading and renewing fire safety equipment and systems:

5.1 Strengthening explosion-proof facilities in locations with concerns about fire and explosions to reduce the risk of accidents.

5.2 Enhancing the availability of adequate protective gear and equipment during emergency responses in factory areas.

5.3 Digitization of subcontractor management to facilitate the electronic handling of subcontractor data filing, construction applications, and training, thereby saving on paper printing and approval time.

V. Reinvestment policy in the most recent year, causes of profit or loss incurred, and any improvements or reinvestments planned for the next year:

Re-invested business	Main Businesses	Original invested amount	Book value	Investment policy	Main reason of profit or loss	Improvement plans	Investment plans in the next year
TEK Holding Co., Ltd.	Investment in various overseas businesses	258,290	241,990	In order to enhance the Group's overall market competitiveness and take into account of the domestic market demand grow in Mainland China, the reinvestment is made to Yuanmao in China.	Insufficient utilization of capacity and fixed cost expenditure s.	Continuous cost and expense control.	None
Long Benefit Investment Co., Ltd.	General investment	185,000	259,218	Profit is obtained from underlying investments.	The main reason is that the fair market value of the invested stocks have fallen, resulting in losses of valuation.	Pay attention to the industry status.	None
Hsinjing Holding Co., Ltd. (Note 1)	General investment	591,378	160,826	The future prospects of the solar industry are promising and the climate change in recent years has led to the active development of green power around the world, as well as the promotion of green energy policies by various governments vigorously.	In order to improve operational performance and industrial competitiveness, it has transformed into a solar system provide	Pay attention to the industry status.	None
Coretech Optical Co., Ltd.	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	30,228	26,072	Expand the business scope of the Group and use resources more effectively	Cost control is appropriate and profits increase.	Continuous cost and expense control.	None

Re-invested business	Main Businesses	Original invested amount	Book value	Investment policy	Main reason of profit or loss	Improvement plans	Investment plans in the next year
Keeper Technology Co. Ltd.	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	78,977	52,275	Expand the business scope of the Group and use resources more effectively	Increase in R&D expenditure and provision for inventory allowance valuation loss.	Obtain monthly financial reports and make continuous analysis.	None

Note 1: On February 27, 2020, Tynsolar's board of directors passed a resolution to suspend the trading of stocks on Taipei Exchange, and established Hsinjing by means of share swap, and all Tynsolar's shares had been converted to Hsinjing's shares, with the ownership percentage remaining unchanged.

Whether the investments in China conform to the required limit

Unit: NTD thousands

Item	Amount
Net value up to March 31, 2024	3,770,156
Limit of investments in China (60% of net value) (1)	2,262,094
Cumulative investments in China as of March 2024 (2)	742,324
Investment amount expected to be executed (3)	0
Forecasted total amount of investments in China (4) = (2)+(3)	742,324

Tyntek Corporation's book value was NT\$3,770,156 thousand as of March 31, 2024 based on its audited financial statements. The limit on its investment in China was NT\$2,262,094 thousand according to the stipulations by the Investment Commission, Ministry of Economic Affairs. As of March 2024, the company's cumulative investment in China was NT\$742,324 thousand, within the limit on outbound investments to China.

VI. Risks in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) The impact of interest and exchange rate changes and inflation on the Company's profit and loss and future countermeasures

- 1 The impacts of interest collection/payment and foreign exchange gains/losses on the Company's profit and loss

Unit: NTD thousands; %

Item	2023		
	Interest income	Interest expense	Foreign exchange gains (losses)
Amount	10,815	14,899	10,091
Percentage to the net operating revenue	0.48	0.66	0.45
Percentage to the net loss before tax	6.71	9.25	6.27

For 2023, the consolidated company's interest income, interest expenses, and exchange gains and losses accounted for approximately 0.48%, 0.66%, and 0.45% of operating revenue, respectively, with net interest income and expenses representing about 2.54% of pre-tax net profits, having no significant impact on the company's financial results. The exchange gains and losses are affected to a certain extent by the appreciation/depreciation of the US dollar and CNY exchange rate, and thus impact on the consolidated company's export revenue.

- 2 Specific measures of the consolidated company in response to changes in interest rates and exchange rates

The consolidated company always monitor the fluctuation of interest rate and exchange rate, and formulate the "Procedure for Acquiring or Disposing Assets" as a control, to avoid interest rate and foreign exchange risks arising from operations, with pairing spot exchange and forward foreign exchange contracts.

2.1 Interest rate:

In addition to the company's own profits and shareholder capital contributions, the working capital of the consolidated company also comes from bank financing, and the interest expense mainly comes from bank financing for material procurement, self loans, project loan for returned Taiwanese companies, and short-term borrowings. The consolidated company continues to maintain good relations with banks, proactively apply for the Taiwanese Companies Returned Investment Action Program, and the approved has be granted. The company also monitors changes in market interest rates to obtain more favorable interest rates and reduce interest expenses. Therefore, the changes in market interest rates have no material impact on the consolidated company.

2.2 Foreign exchange rate:

68% of sales of the consolidated company are exportation, leading to the risk of exchange rate fluctuations. Faced with exchange rate risks, the countermeasures of the consolidated company are as follows:

2.2.1 Sale or purchase of forward foreign exchange in advance.

2.2.2 Strengthen procurement capabilities, reduce costs of raw material purchase, and negotiate sharing exchange rate risks with suppliers. If the magnitude exchange rate changes increases, transaction price will be renegotiated with the supplier.

2.2.3 Strengthen the ability to develop sources of incoming materials and avoid excessive influence from a single currency exchange rate.

2.2.4 The quotation system with customers include the consideration of selling price adjustment due to exchange rate changes to protect the Company's existing profits.

2.2.5 Pay the expenditure in foreign currency generated from importation with the export revenue in same currency, to shift partial FX risks.

2.2.6 Adjust foreign currency positions based on exchange rate changes.

2.3 Inflation:

Inflation has led to rising raw material prices, increasing operational costs for businesses and putting pressure on profitability. However, the high inflation of the past two years has shown signs of easing, and the global economy is in a state of weak recovery. As of the printing date of this annual report, the merged company has not yet experienced significant impacts on its profits and losses due to inflation. Going forward, we will continue to actively negotiate with suppliers and maintain close and positive interactions with customers, keeping an eye on market price fluctuations. We will adjust our buying and selling prices as market conditions change and continue to strengthen cost control to mitigate the impact of inflationary changes.

(II) Policies of engagement in high-risk and highly leveraged investments, loans to others, endorsements and guarantees and derivative trading, main reasons for profit or loss and future countermeasures:

1 Engagement in high-risk and highly leveraged investments: none.

2 Loaning of funds to others, endorsements and guarantees:

The consolidated company loans of funds and provides external endorsement/guarantee are mainly for the subsidiaries' repayment of bank loans and purchase of equipment. Such are handled pursuant to TYNTEK's "Operating Procedures for Loaning of Funds to Others" and "Operational Procedures for Endorsement/Guarantee." As of the end of 2023, the amount of loaning of funds and external endorsement/guarantee of the consolidated company was NT\$10,000 thousands and NT\$0, respectively.

3 Policy, and gains or loss of derivative transactions, and the response in the future:

If the consolidated company engages in derivatives transactions, the counterparties are limited to creditworthy correspondent banks with no expectation of default, so the possibility of credit risk is extremely low. Secondly, the above-mentioned transactions are of a hedging nature, and gains and losses due to exchange rate changes will be offset with the hedged items, so the market risk is usually low. Meanwhile, the consolidated company controls the transaction risk of financial products by limiting the information and trading capabilities of the trading counterparties, and also uses the financing tools in the money market and foreign exchange markets, as well as the appropriate current assets to plan future cash requirements. Therefore, the management of the consolidated company expects that the above-mentioned financial product transactions should not cause major losses.

(III) Future R&D projects and estimated R&D expenses

1 Future R&D projects

The Company has always focused on the product R&D capability and with the continuous efforts over the past years, we have been able to develop and launch numerous outstanding new products, and have also been able to gain support from government agencies. In addition to stabilizing the existing Asian market, it is also actively expanding the European and North American markets to further extend the

market share. To have better forward-looking and marketable products, the Company has been sparing no efforts in optical communication sensing components, the long wavelength sensing used in display components and consumer products, development of avalanche diodes, and automotive optical coupling components (for the high speed industrial control of new energies), medical (blood oxygen), wearables and sensing components of precision control, and certain outcomes have been fruited. In addition, the Company is also active in the investment of relevant product application fields. With the rapid growth of the optoelectronic market, the application scope of various products continues to expand, and the market demand is increasing. To satisfy the market demand, the Company will continue to focus on the development of the following products:

- A. High density semiconductor passive components
- B. 6" wafer and high-sensitivity sensing PD
- C. 6" wafer and high precision and power components
- D. High power AlGaInP light emitting diodes
- E. High speed communication photodiodes
- F. Multiband photo detectors
- G. DUV sensors
- H. Substrates with electrostatic protection components
- I. Flip-chip Zener diodes
- J. Photo diode integrated circuit (PDIC)
- K. Low-capacitance transient voltage suppressors (TVS)
- L. High speed optical communication laser diodes
- M. Vertical cavity surface emitting laser (VCSEL) diodes
- N. New generation semiconductor material components
- O. Long wavelength sensing components
- P. Infrared diodes for high-speed industrial control
- Q. Point light source infrared diode

2 Expected R&D expenses: NT\$ 183,000 thousand.

(IV) The impact of important domestic and overseas policy and regulation changes on the financial status of the Company and countermeasures:

The consolidated company has been aware of important domestic and foreign policy and legal changes in the most recent years through various information channels, to ensure the compliance of business activities with the related policies and regulations, with establishment of corresponding management procedures and proper countermeasures adopted, so that it will not have a significant impact on the consolidated company's finance and business.

(V) The impact of technological (cyber security risk included) and industrial changes on the financial status of the Company and countermeasures:

The consolidated company will improve product quality and develop new products in response to changes in technology. The consolidated company will maintain good cooperative relations with upstream and downstream suppliers and customers, grasp the pulse of the market, and engage in research and development and improvement processes related to cope with customers' needs and market changes, with continuous expansion of production, to enhance the competitiveness of the consolidated company.

With the development of technology, current LED lighting has developed to the late stage of maturity, and it is inevitable to develop new applications, such as the cross-industry integration of smart lighting, e.g. the combination of lighting systems and big data in different application scenarios.

To cope with technological changes, the information security management system (ISMS) will be introduced in the second half of 2023, and it is expected to obtain the ISO27001:2022 international standard certification in the second quarter of 2024 to prefect the information security management policies and related management procedures. In the future, the deployment of the information security defense system will focus on the management and control of machines at the production lines, and the administrative personnel will strengthen endpoint detection and response, monitoring of network abnormal traffic, intrusion detection and protection, complete system off-site backup, and the information security monitoring platform, to increase the depth of defense for management and technical aspects, for reducing information security risks.

In terms of industry, based on the social trend of declining employment population and the demand for green energy, the Company considers global development trends, respond to government industrial policies, and review its own existing technological capabilities and growths of the corresponding industries. On top of continuously strengthening its own technical advantages, the Company also introduces innovative methodologies. To cope with the social trend of declining employment population, plan the long-term technological development blueprint for machine automation, and complete the strategy and timetable for the accomplishment of the plan.

As of the publication date of the annual report, the consolidated company has not had a significant adverse effect on the company's finance and business due to technological changes, any cyber security incident, and industrial changes.

(VI) The impact of corporate image change on the Company's crisis management and countermeasures:

Merger The company has been committed to maintaining its corporate image for many years and complying with laws and regulations. If there is a situation that affects the corporate image or violates laws and regulations, a special team will be formed to formulate countermeasures. However, once a corporate crisis occurs, it may cause considerable damage to the Company. Therefore, the consolidated company will continue to comply with and mak the best efforts to implement various corporate governance requirements, while consulting relevant experts in a timely manner, to reduce the occurrence of such risks and the impact of these risks on the finance and business of the consolidated company. As of the pubication date of the annual report, there has not been anything that could affect the corporate image.

(VII) Expected benefits and possible risks of M&A: none.

(VIII) Expected benefits and possible risks of plant expansion:

In 2024, TYNTEK invested in the expansion of production capacity of SI component products. It is expected to increase revenue growth, improve the Company's gross profit and market share. In addition to working capital, part of the source of funds needs to be borrowed from banks to increase interest expenses; the customers' orders and risk of

changes in market conditions are also monitored for responses.

(IX) The impact of concentration of purchase or sales:

The sales and purchase clients of the consolidated company in 2023 were quite scattered. Except for the increase demand in silicon wafer and the customer is a long term partner, the Company continues to maintain good cooperative relationships with various vendors, to lower the consolidated procurement, and actively expand new customer sources, so it does not faces the huge risk of purchase or sales concentration.

(X) The impact of mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and countermeasures: none.

(XI) The impact of the change of management on the Company, the risks and countermeasures: none.

(XII) List major litigious or non-litigious matters that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None

(XIII) Other important risks and countermeasures: None

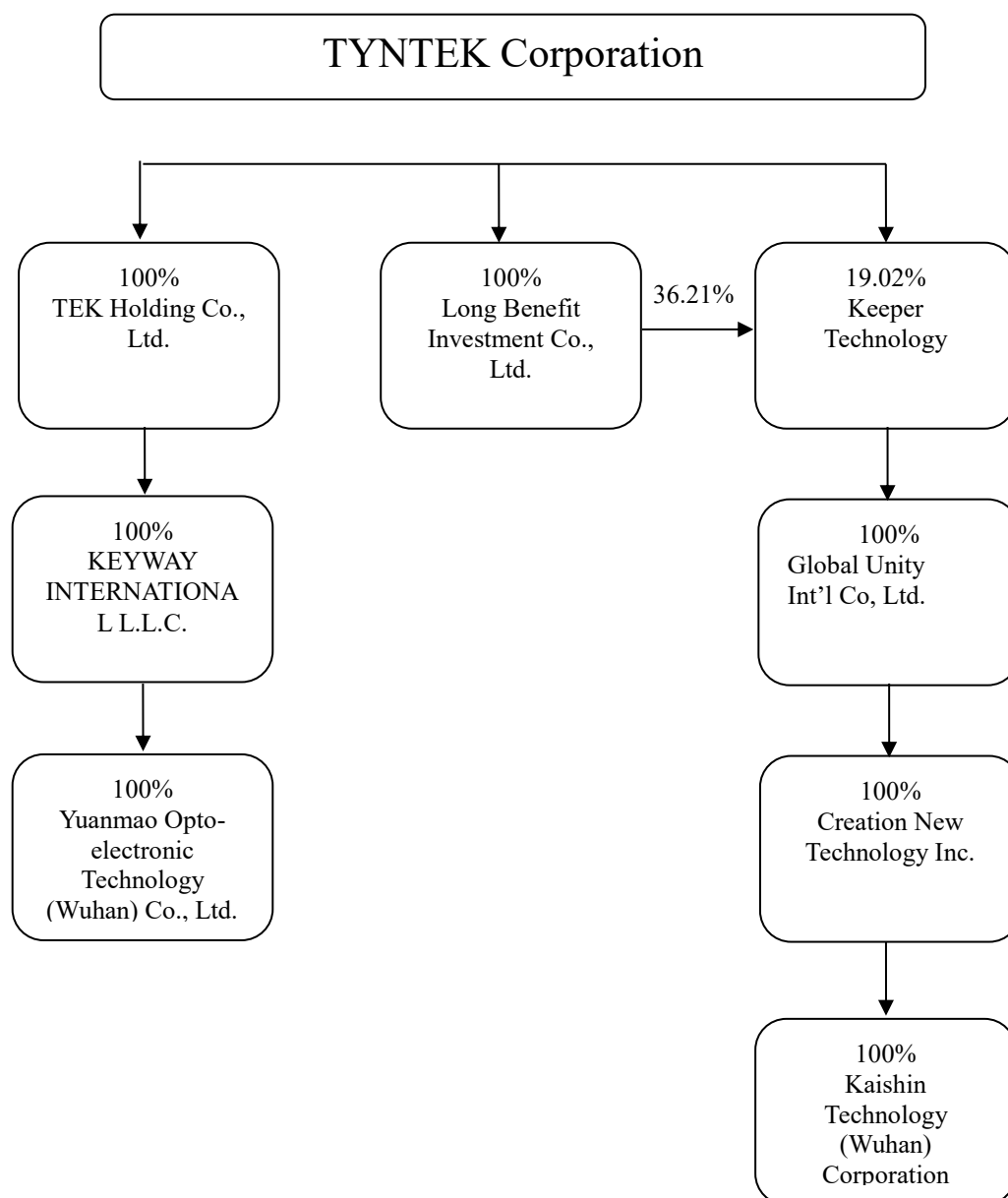
VII. Other material issues:None

Eight.Special Disclosure

I. Affiliated companies

(I) Consolidated Business Report of Affiliates:

1. . Organization Chart of Affiliates
Dec. 31, 2023



2. Basic Information of Affiliates

December 31, 2023 Unit: NT\$ thousand

Name of Affiliate	Date of Establishment	Address	Paid-in Capital	Major Business or Production
TEK Holding Co., Ltd.	89.04	3RD FLOOR, YAMRAJ BUILDING, MARKET SQUARE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	258,290	International investment
Keeper Technology	89.05	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	106,893	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.
Long Benefit Investment Co., Ltd.	94.05	No. 1387, Renai Road, Zhunan Township, Miaoli County	287,486	Domestic investment
KEYWAY INTERNATIONAL L.L.C.	89.07	3500 South Dupont Highway, Dover, Delaware 19901, U.S.A.	258,768	International investment
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	94.12	No. 17, Binhu Road, Donghu New Technology Development Zone, Wuhan	258,290	Other light-emitting diode production and sales business
Global Unity Int'l Co, Ltd.	96.01	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	32,376	International investment
Creation New Technology Inc.	96.06	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road. Apia Samoa	32,376	International investment
Kaishin Technology (Wuhan) Corporation (Note)	2007.12	No. 17, Binhu Road, Donghu New Technology Development Zone, Wuhan, Hubei Province	32,376	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing

Note: Liquidated in 2023/2.

3. Information on those presumed to be controlling and controlled companies: none.
4. The industries covered by the business operated by the overall affiliated enterprises: including the optoelectronic industry, LED module application design and lighting manufacturing, and investment industries.
5. Information of Directors, Supervisors, and Presidents of Each Affiliate

December 31, 2023 Unit: thousand shares

Name of Affiliate	Title	Name or Representative	Shares	Shares Ratio
TEK Holding Co., Ltd.	Chairman	TYNTEK Corporation- Chou Wen-Long	6,700	100.00%
Keeper Technology	Chairman	Raymond Sheu	288	2.70%
	Director	Long Benefit Investment Co., Ltd.	3,871	36.21%
	Director	Chien-Li Wu	432	4.04%
	Director	TYNTEK Corporation	2,033	19.02%
	Director	Wen-Hu Wang	1,651	15.45%
	Supervisor	Ching-Ho Hsu	128	1.20%
	President	Wen-Hu Wang	1,651	15.45%
Long Benefit Investment Co., Ltd.	Chairman	TYNTEK Corporation- Chou Wen-Long	28,749	100.00%
	Director	TYNTEK Corporation- Biing-Jye Lee	28,749	100.00%
	Director	TYNTEK Corporation- Lee Jung-Huan	28,749	100.00%
	Supervisor	TYNTEK Corporation- Chiu Mei-Ling	28,749	100.00%
KEYWAY INTERNATIONAL L.L.C.	Chairman	TEK Holding Co., Ltd.- Chou Wen-Long	—	100.00%
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Chairman	KEYWAY INTERNATIONAL L.L.C.-Chou Wen-Long	—	100.00%
	Director	KEYWAY INTERNATIONAL L.L.C.-Lee Jung-HuanLee, Jung-Huan		
	Director	KEYWAY INTERNATIONAL L.L.C.-Chiu Mei-Ling		
	Supervisor	KEYWAY INTERNATIONAL L.L.C.-Li Hsiao-Ping		
Global Unity Int'l Co, Ltd.	Chairman	Keeper Technology -Raymond Sheu	1,000	100.00%
Creation New Technology Inc.	Chairman	Global Unity Int'l Co, Ltd- Raymond Sheu	1,000	100.00%
Kaishin Technology (Wuhan) Corporation (Note)	—	—	—	—

Note: Liquidated in 2023/2.

6. Operation Overview of Each Affiliate

December 31, 2023 Unit: NT\$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Value	Operating income	Operating profit	Income of the Period	Earnings per share (EPS)
TEK Holding Co., Ltd.	258,290	239,359	0	239,359	0	0	(20,940)	(3.13)
Keeper Technology	106,893	345,409	250,773	94,636	263,762	(13,972)	(10,981)	(1.03)
Long Benefit Investment Co., Ltd.	287,486	257,064	0	257,064	0	(232)	(27,632)	(0.96)
KEYWAY INTERNATIONAL L.L.C.	258,768	239,096	0	239,096	0	0	(20,947)	-
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	258,290	251,201	12,125	239,076	83,223	(28,120)	(20,948)	-
Global Unity Int'l Co, Ltd.	32,376	0	0	0	0	0	337	0.34
Creation New Technology Inc.	32,376	0	0	0	0	0	337	0.34
Kaishin Technology (Wuhan) Corporation (Note)	-	-	-	-	-	-	-	-

Note: Liquidated in 2023/2.

7. Relationship between the Subordinate Company and the Controlling Company

December 31, 2023

Name of the controlling company	Reasons for the control	Shareholding and pledges			Directors or supervisors appointed to the subordinate company by the controlling company, or controlling company appointees engaged as managerial officers of the subordinate company	
		Shares held (thousand shares)	Shares Ratio	Shares pledged	Title	Name
TEK Holding Co., Ltd.	Direct shareholding over 50%	6,700	100.00%	—	Chairman	Chou Wen-Long
Keeper Technology	Direct/indirect shareholding over 50%	5,904	55.23%	—	Director Director	Long Benefit Investment Co. TYNTEK
Long Benefit Investment Co., Ltd.	Direct shareholding over 50%	28,749	100.00%	—	Chairman Director Director Supervisor	Chou Wen-Long Lee, Biing-Jye Lee Jung-Huan Chiu Mei-Ling
KEYWAY INTERNATIONAL L.L.C.	Indirect shareholding over 50%	—	100.00%	—	Chairman	Chou Wen-Long
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Indirect shareholding over 50%	—	100.00%	—	Chairman Director Director Supervisor	Chou Wen-Long Lee Jung-Huan Chiu Mei-Ling Li Hsiao-Ping
Global Unity Int'l Co, Ltd.	Indirect shareholding over 50%	1,000	100.00%	—	Chairman	Raymond Sheu
Creation New Technology Inc.	Indirect shareholding over 50%	1,000	100.00%	—	Chairman	Raymond Sheu
Kaishin Technology (Wuhan) Corporation (Note)	—	—	—	—	—	—

Note: Liquidated in 2023/2.

8. Endorsements and guarantees

December 31, 2023 Unit: NT\$ thousands

Counterparty of endorsements and guarantees	Guaranteed Party	Maximum balance	Ending balance		Relationship	Provider of collateral			Terms and conditions or dates for rescinding the endorsement or guarantee obligation or withdrawing the collateral.	Ratio of contingency loss amounts recognized	Endorsement or guarantee operations breach applicable operational rules
			Amount	in the financial statements		Name	Volume	Value			
None											

9. Financing

December 31, 2023 Unit: NT\$ thousand

Lender	Borrower	Relationship	Maximum balance	Ending balance	Interest Rate	Total interest for the current period	Financing period	Reason for the financing	Collateral obtained or provided		Method by which the transaction was decided upon	Allowances set aside for bad debt
									Name	Amount		
TYNTEK	Keeper Technology	Parent-subsidiary	20,000	10,000	2.155%~2.38% (floating interest rate applied)	178	One year	Loan repayment and purchase of equipment	—		Pursuant to regulations of FSC	—

10. Asset leasing

December 31, 2023 Unit: NT\$ thousand

Lessor Lessee	Relationship	Object leased		Lease term	Leases Financing	Method by which the leasing price was determined	Payment collection method	Comparison with ordinary leasing price levels	Total leasing price for the current period and collection/payment	Collection/payment for the current period	Other agreements
		Name	Location								
TYNTEK Long Benefit	Parent- subsidiary	Office- No. 15, Kezhong Rd., Zhunan Township, Miaoli County No. 1387, Renai Road, Miaoli County		January, 2023 - June, 2023 July 2023 - December 2023	Operating lease	Negotiated according to the market price	One-time off	—	34	Normal	—

(II) Consolidated financial statements of affiliates: please refer to Appendix 1 of the annual report.

(III) Affiliation report: None

II. Private placement of securities in the last year up until the publication date of annual report: None.

III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up until the publication date of annual report: None.

IV. Other supplementary information: None.

V. Occurrences Significant to Shareholders' Interests or Securities Price, as Defined in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, in the Last Year up Until the Publication Date of Annual Report: None.

Appendix 1

Representation Letter

The entities that are required to be included in the 2023 consolidated financial statements of the Company (from January 1 2023, to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Sincerely,

Name of the Company: TYNTEK Corporation

Responsible person: Chou Wen-Long

February 21, 2024

Independent Auditors' Review Report

To TYNTEK Corporation,

Audit opinion

We have reviewed the accompanying consolidated balance sheets of TYNTEK Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies “(collectively referred to as the consolidated financial statements)”.

In our opinion, based on our audit and other independent auditors' reports (please refer to the "Other Matters" section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other CPAs, we are of the opinion 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 the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2023, are stated as follows:

Sales recognition

The Group's 2023 consolidated operating income was NT\$2,267,637 thousand. Please refer to Notes 4 and 25 to the consolidated financial statements for the accounting policy and information related to revenue recognition. TYNTEK Corporation and its subsidiaries' operating income is mainly from the sale of optoelectronic products. As it has many sales clients at home and abroad, the sales, in which transactions increased compared to the prior year, the companies with significant growth amounts are listed as a key audit matter for the year.

The main audit procedures we performed for said matter are as follows:

1. Understand and test the effectiveness of the design and the implementation of the main internal control mechanism for the sales.
2. Select samples randomly to check the receipts and payment status related to the sales, and inquire the existence of the transaction counterparties to verify the actual occurrence of the sales, and check whether there is any anomaly existing in the sales counterparties and the payment recipients.

Other Matters

The Company has also prepared the parent company's only financial statements for the years ended December 31, 2023, and 2022, for which we have issued an unqualified opinion.

Included in the aforementioned consolidated financial statements, some of the financial statements of the investees measured using the equity method have not been audited by us but by other CPAs. Therefore, in our opinions on the aforementioned consolidated financial statements, the above-mentioned investment balance of the investees using the equity method and the relevant share of profit and loss on the investees are recognized based on the audit report of other CPAs. As of December 31, 2023 and 2022, the balance of investment in the aforementioned investees using the equity method was NT\$186,898 thousand and NT\$165,874 thousand, respectively, accounting for 3.49% and 3.05% of the total consolidated assets, respectively, and the share of profit or loss on associates recognized using the equity method for the year ended December 31,

2023 and 2022 was NT\$(2,071) thousand and NT\$16,455 thousand, respectively, accounting for 1.29% and (10.03)% of the consolidated net income before tax, respectively.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governing body of the Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA: Fang, Su-Li

CPA: Chen, Ming-Hui

The Financial Supervisory Commission

R.O.C. Approved No.

Jing-Guang-Zheng-Liu No. 0940161384

Securities and Futures Commission Approval

Document No.

Tai-Cai-Zeng-VI No. 0930128050

February 21, 2024

TYNTEK Corporation and Its Subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

Code	Asset	December 31, 2023		December 31, 2022		Code	LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 6 and 32)	\$ 1,189,849	22	\$ 1,342,144	25	2100	Short-term borrowings (Notes 19 and 32)	\$ 108,410	2	\$ 108,429	2
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 32)	221,471	4	218,194	4	2120	Financial liabilities at fair value through profit or loss - current (Notes 7 and 32)	-	-	344	-
1136	Financial assets at amortized cost - current (Notes 9, 32, and 34)	48,439	1	1,000	-	2130	Contract liabilities - Current (Note 25)	520	-	477	-
1150	Notes receivable, net (Notes 10 and 32)	15,145	-	21,574	-	2150	Notes payable (Notes 20 and 32)	4,169	-	6,492	-
1170	Accounts receivable, net (Notes 10 and 32)	672,249	13	622,998	12	2170	Accounts payable (Notes 20 and 32)	394,922	8	312,233	6
						2180	Accounts payable - related parties (Notes 20, 32, and 33)	7,560	-	1,705	-
1180	Accounts receivable - related parties, net (Notes 10, 32 and 33)	39,125	1	35,281	1	2200	Other payables (Notes 21, 32, and 33)	209,445	4	233,773	4
1200	Other receivables (Notes 10 and 31)	11,609	-	66,629	1	2230	Current tax liabilities (Note 27)	-	-	35,945	1
1220	Current tax assets (Note 27)	1,370	-	-	-	2280	Lease liabilities - current (Notes 15 and 32)	9,793	-	9,053	-
						2320	Current portion of long-term borrowings (Notes 19 and 32)	207,799	4	146,195	3
130X	Inventories (Note 11)	783,230	15	811,589	15	2313	Deferred revenue (Notes 21, 29, and 32)	9,746	-	11,375	-
1410	Prepayments (Notes 17 and 35)	26,156	-	18,653	-	2399	Other current liabilities (Note 21)	13,843	-	13,512	-
1476	Other financial assets (Notes 18, 32, and 34)	2,511	-	1,003	-	21XX	Total current liabilities	966,207	18	879,533	16
1479	Other current assets (Note 18)	1,314	-	2,063	-		non-current liabilities				
11XX	Total current assets	3,012,468	56	3,141,128	58	2540	Long-term borrowings (Notes 19 and 32)	381,442	7	431,092	8
	non-current assets					2550	Provisions - non-current (Note 22)	19,894	-	18,444	-
1517	Financial assets at FVTOCI -non-current (Note 8 and 32)	61,327	1	45,417	1	2570	Deferred tax liabilities (Note 27)	525	-	2,655	-
1535	Financial assets at amortized cost - non-current (Notes 9, 32, and 34)	-	-	6,665	-	2580	Lease liabilities - non-current (Notes 15 and 32)	85,614	2	82,612	2
1550	Investments accounted for using equity method (Note 13)	186,898	4	192,780	3	2640	Defined benefit liability - non-current (Note 23)	15,063	-	18,862	-
1600	Property, plant and equipment (Notes 14, 34 and 35)	1,896,813	36	1,838,843	34	2630	Long-term deferred income (Notes 19, 29, and 32)	694	-	846	-
1755	Right-of-use assets (Note 15)	95,719	2	92,567	2	2645	Guarantee deposits received (Note 32)	333	-	393	-
1780	Other intangible assets (Note 16)	12,431	-	6,762	-	25XX	Total non-current liabilities	503,565	9	554,904	10
1840	Deferred tax assets (Note 27)	51,772	1	35,469	1	2XXX	Total liabilities	1,469,772	27	1,434,437	26
1915	Pre-payments for equipment (Note 35)	17,446	-	60,514	1		Equity attributable to owners of the company (Note 24)				
1920	Refundable deposits (Note 32)	3,406	-	3,410	-	3110	Ordinary shares	3,006,223	56	3,006,223	55
1980	Other financial asset- non-current (Notes 18)	4,506	-	-	-	3200	Capital surplus	245,261	5	243,873	5
1990	Other non-current assets - others (Note 18)	7,793	-	6,463	-		Retained earnings				
15XX	Total non-current assets	2,338,111	44	2,288,890	42	3310	Statutory reserves	286,048	5	286,048	5
						3320	Special reserves	46,381	1	37,523	1
						3350	undistributed earnings	291,768	6	432,801	8
						3300	Total retained earnings	624,197	12	756,372	14
						3400	Other equities	(37,235)	(1)	(46,383)	(1)
						31XX	Total equity attributable to owners of the company	3,838,446	72	3,960,085	73
						36XX	Non-controlling interests (Notes 12 and 24)	42,361	1	35,496	1
						3XXX	Total equity	3,880,807	73	3,995,581	74
1XXX	Total assets	\$ 5,350,579	100	\$ 5,430,018	100		TOTAL LIABILITIES AND EQUITY	\$ 5,350,579	100	\$ 5,430,018	100

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 21, 2024)

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Year Ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars unless
Loss per share in NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 25 and 33)	\$ 2,267,637	100	\$ 2,419,509	100
5000	Operating cost (Notes 11, 26, and 33)	<u>2,035,398</u>	<u>90</u>	<u>2,032,905</u>	<u>84</u>
5900	Gross income from operations	<u>232,239</u>	<u>10</u>	<u>386,604</u>	<u>16</u>
6100	Operating expenses				
	Selling and marketing expenses (Notes 23 and 26)	45,406	2	41,767	1
6200	Administrative expenses (Notes 23 and 26)	181,450	8	166,179	7
6300	Research and development expense (Notes 23 and 26)	148,004	6	141,652	6
6450	Expected credit impairment loss	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>376,015</u>	<u>16</u>	<u>349,598</u>	<u>14</u>
6500	Other income and expenses, net (Note 26)	<u>551</u>	<u>-</u>	<u>431</u>	<u>-</u>
6900	Net operating (loss) profit	(<u>143,225</u>)	(<u>6</u>)	<u>37,437</u>	<u>2</u>
	Non-operating income and expense				
7100	Interest revenue (Note 26)	10,815	-	4,564	-
7010	Other income (Notes 26 and 33)	17,832	1	41,128	2
7020	Other gains or losses (Notes 26 and 36)	(29,455)	(1)	(255,340)	(11)
7050	Financial costs (Note 26)	(14,899)	(1)	(12,862)	-
7060	Share of profit (loss) on associates using the equity method	(<u>2,071</u>)	<u>-</u>	<u>21,065</u>	<u>1</u>
7000	Total non-operating income and expenses	(<u>17,778</u>)	(<u>1</u>)	(<u>201,445</u>)	(<u>8</u>)
7900	Net loss before tax	(161,003)	(7)	(164,008)	(6)
7950	Income tax income (expense) (Note 27)	(<u>25,308</u>)	(<u>1</u>)	<u>20,415</u>	<u>1</u>
8200	Net income (loss) for this year	(<u>135,695</u>)	(<u>6</u>)	(<u>184,423</u>)	(<u>7</u>)

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income (Note 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 221)	-	\$ 8,030	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	15,910	-	(33,159)	(1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	(2,968)	-	5,963	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	(4,893)	-	4,121	-
8399	Income tax (expense) income related to the components of other comprehensive income (Note 27)	948	-	(812)	-
8300	Other comprehensive income of the current year (net amount after tax)	8,776	-	(15,857)	(1)
8500	Total comprehensive income of the current year	(\$ 126,919)	(6)	(\$ 200,280)	(8)
8600	Net loss attributable to:				
8610	Owners of the company	(\$ 131,954)	(6)	(\$ 181,505)	(8)
8620	Non-controlling interests	(3,741)	-	(2,918)	-
		(\$ 135,695)	(6)	(\$ 184,423)	(8)
8700	Total comprehensive income attributable to:				
8710	Owners of the company	(\$ 123,027)	(6)	(\$ 197,423)	(8)
8720	Non-controlling interests	(3,892)	-	(2,857)	-
		(\$ 126,919)	(6)	(\$ 200,280)	(8)
	Loss per share (Note 28)				
9710	Basic	(\$ 0.44)		(\$ 0.60)	
9810	Diluted	(\$ 0.44)		(\$ 0.60)	

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(With Deloitte & Touche review report dated February 21, 2024)

Chairman: Chou Wen-
Long

Manager: Lee Jung-
Huan

Accounting
Supervisor: Li,
Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Changes Equity
For the Year Ended December 31, 2023 and 2022

Unit: In thousand of New Taiwan Dollars,
Unless Stated Otherwise

		Equity attributable to owners of the company						Other equities				
Code		Share capital		Capital surplus	Retained earnings			Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized gain (loss) on financial assets at FVTOC	Total	Non-controlling interests	Total equity
		Shares (thousand)	Amount		Statutory reserves	Special reserve	Undistributed earnings					
A1	Balance at January 1, 2022	300,621	\$ 3,006,223	\$ 243,639	\$ 214,568	\$ 55,815	\$ 960,086	(\$ 22,851)	\$ 416	\$ 4,457,896	\$ 38,540	\$ 4,496,436
	Earning appropriation and distribution for 2021											
B1	Appropriated as statutory reserves	-	-	-	71,480	-	(71,480)	-	-	-	-	-
B17	Reversed special reserve	-	-	-	-	(18,292)	18,292	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(300,622)	-	-	(300,622)	-	(300,622)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	234	-	-	-	-	-	234	-	234
D1	Net loss of 2022	-	-	-	-	-	(181,505)	-	-	(181,505)	(2,918)	(184,423)
D3	2022 other comprehensive income after tax	-	-	-	-	-	8,030	3,248	(27,196)	(15,918)	61	(15,857)
D5	2022 total comprehensive income	-	-	-	-	-	(173,475)	3,248	(27,196)	(197,423)	(2,857)	(200,280)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	(187)	(187)
Z1	Balance at December 31, 2022	300,621	3,006,223	243,873	286,048	37,523	432,801	(19,603)	(26,780)	3,960,085	35,496	3,995,581
	Earning appropriation and distribution for 2022											
B17	Reversed special reserve	-	-	-	-	8,858	(8,858)	-	-	-	-	-
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	145	-	-	-	-	-	145	-	145
D1	Net loss of 2023	-	-	-	-	-	(131,954)	-	-	(131,954)	(3,741)	(135,695)
D3	2023 other comprehensive income after tax	-	-	-	-	-	(221)	(3,794)	12,942	8,927	(151)	8,776
D5	2023 total comprehensive income	-	-	-	-	-	(132,175)	(3,794)	12,942	(123,027)	(3,892)	(126,919)
M7	Changes in ownership interests in subsidiaries (Note 30)	-	-	1,243	-	-	-	-	-	1,243	(1,243)	-
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	12,000	12,000
Z1	Balance at December 31, 2023	<u>300,621</u>	<u>\$ 3,006,223</u>	<u>\$ 245,261</u>	<u>\$ 286,048</u>	<u>\$ 46,381</u>	<u>\$ 291,768</u>	<u>(\$ 23,397)</u>	<u>(\$ 13,838)</u>	<u>\$ 3,838,446</u>	<u>\$ 42,361</u>	<u>\$ 3,880,807</u>

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 21, 2024)

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Year Ended December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net loss before tax of the current year	(\$ 161,003)	(\$ 164,008)
A20010	Adjustments for:		
A20300	Expected credit impairment loss	1,155	-
A20100	Depreciation expense	307,562	273,393
A20200	Amortization expenses	2,411	1,409
A20400	Net loss on financial assets and liabilities at FVTPL	39,160	346,710
A20900	Financial costs	14,899	12,862
A21200	Interest income	(10,815)	(4,564)
A21300	Dividend revenue	(9,169)	(23,604)
A22300	Share of profit or loss of associates accounted for using equity method	2,070	(21,065)
A22500	Gains on disposal of property, plant and equipment	(551)	(431)
A23800	Losses on inventory valuation and obsolescence losses	706	27,880
A24100	Unrealized net losses (gains) on foreign currency exchange	5,308	(8,889)
A29900	Loss from disposal of subsidiary	66	-
A29900	Gains on lease modification	-	(1)
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	6,429	289
A31150	Accounts receivable - related parties	(67,886)	422,484
A31180	Other receivables	(2,112)	626
A31200	Inventories	27,653	4,313
A31230	Pre-payments	(8,833)	2,231
A31240	Other current assets	749	3,983
A32125	contract liability	43	174
A32130	Note payable	(2,323)	1,581
A32150	Accounts payable - related parties	89,339	(148,808)
A32180	Other payables	(28,586)	(48,193)
A32200	Provisions	1,450	1,637
A32230	Other current liabilities	331	(18,075)
A32240	Net defined benefit liability	(4,020)	(11,013)
A33000	Cash from operations	204,033	650,921
A33300	Interest paid	(15,018)	(12,115)
A33500	Income tax paid	(32,455)	(8,694)
AAAA	Net cash inflow from operating activities	<u>156,560</u>	<u>630,112</u>

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Code		2023	2022
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 47,439)	\$ -
B00010	Acquisition of financial assets at FVTOCI	-	(4,344)
B00050	Disposal of financial assets at amortized cost	6,665	43,521
B00100	Purchase of financial assets at fair value through profit or loss	(345,685)	(67,349)
B00200	Disposal of financial assets at FVTPL	303,152	357,906
B02700	Acquisition of property, plant and equipment	(348,183)	(196,322)
B02800	Proceeds from disposal of property, plant and equipment	601	2,259
B03700	Decrease (increase) in refundable deposits	4	(1,447)
B04500	Acquisition of intangible assets	(8,081)	(6,609)
B06500	Decrease (increase) of other financial assets	(6,014)	2,590
B07100	Decrease (increase) in pre-payments for equipment	43,068	(175,320)
B07500	Interest received	10,442	4,788
B07600	Dividends received	13,173	23,604
B09900	Proceeds from disposal of right-of-use assets	<u>57,505</u>	<u>-</u>
BBBB	Net cash outflows from investing activities	(<u>320,792</u>)	(<u>16,723</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	340,384	276,647
C00200	Decrease in short-term borrowings	(337,766)	(332,522)
C01600	Proceeds from long-term borrowings	169,813	80,060
C01700	Repayments of long-term borrowings	(159,640)	(141,863)
C03000	Decrease in guarantee deposits received	(60)	(4,152)
C04020	Repayment of the principal portion of leases	(14,816)	(9,540)
C04500	Cash dividends distributed	-	(300,622)
C05000	Changes in non-controlling interests	<u>12,000</u>	(<u>187</u>)
CCCC	Net cash inflows from financing activities	<u>9,915</u>	(<u>432,179</u>)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>2,022</u>	<u>15,552</u>
EEEE	Increase (decrease) in cash and equivalents	(152,295)	196,762
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>1,342,144</u>	<u>1,145,382</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 1,189,849</u>	<u>\$ 1,342,144</u>

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 21, 2024)

Chairman: Chou
Wen-Long

Manager: Lee Jung-
Huan

Accounting
Supervisor: Li,
Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Notes to consolidated financial statements
For the Year Ended December 31, 2023 and 2022
(In thousand of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

TYNTEK Corporation (hereinafter referred to as the "Company") was incorporated on April 4, 1987 in accordance with the Company Act of R.O.C. The main businesses are research and development, manufacturing, and sales of relevant products, including gallium arsenide, infrared, light-emitting diodes, laser diodes, phototransistors, photodiodes, single crystal and epitaxy, crystal grains, optoelectronic systems, radio transmitters and other electrical devices that can generate radio radiant energy.

The Company's shares had been listed for trading in Taipei Exchange (TEPx) since November 1998 and were approved by the Securities and Futures Commission, Ministry of Finance (currently known as the Securities and Futures Bureau, Financial Supervisory Commission) to be listed on the Taiwan Stock Exchange for trading instead since September 2000.

The consolidated financial statements of the Company and its subsidiaries are presented in the Company's functional currency, the New Taiwan dollar.

II. The Authorization of Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 21, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Group's accounting policies.

(II) IFRSs endorsed by FSC that are applicable from 2024 onwards

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations of IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

Note 3: When this amendment is first applied, partial disclosure is exempted.

As of the publication date of the consolidated financial statements, the Group has assessed that the above-mentioned standards and amendments to the interpretations will not have a significant influence on the Group’s financial position and financial performance.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Not yet specified
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17 (Initial Application of IFRS 17 and IFRS 9—Comparative Information)	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations of IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will

affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of the consolidated financial statements, the Group is continuing to assess the impact of amendments to the aforementioned standards and interpretations on the Group's financial position and financial performance, and will disclose relevant impacts when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities realized within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the gains or losses on the disposal are the differences between the following two: (1) The sum of the fair value of the consideration received and the fair value of the remaining investment in the former subsidiary on the date of loss of control, and (2) the sum of the carrying amounts of the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary on the day of loss of control. All amounts recognized in other comprehensive income related to said subsidiary are

accounted for on the same basis as the one adopted for the Group's direct disposal of the relevant assets or liabilities.

The remaining investment in the former subsidiary is adopted as the amount of financial assets initially recognized at FVTPL based on the fair value at the date of loss of control.

For details of subsidiaries, ownership percentage, and businesses, please refer to Note 12 and Table 3 and 4.

(V) Foreign currency

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income (and attributable to the owners of the Company and non-controlling interests, respectively).

If the Group disposes of the ownership interest of a foreign operation, or disposes of part of the equity of a foreign operation's subsidiary and loses control, or disposes of a foreign operation's joint agreement or associate, and the retained

equity is a financial asset and is treated based on the accounting policies adopted for financial instruments, then all accumulated exchange differences attributable to the owners of the Company and related to the foreign operation will be reclassified to profit or loss.

If the partial disposal of a subsidiary of a foreign operation does not result in the loss of control, the accumulated exchange differences are attributable to the non-controlling interest of the subsidiary proportionally again but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences will be reclassified to profit or loss according to the proportion of the disposal.

(VI) Inventories

Inventories include merchandise, raw materials, work-in-progress, and finished goods. The value of inventories shall be determined based on the cost and net realizable value (NRV), whichever is lower. The comparison of the cost and NRV is based on individual items except for inventories of the same category. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VII) Investments in Associates

An associate is an entity over which the Group has significant influence and is not a subsidiary nor a joint venture.

The Group adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in its share of the equity of associates based on the percentage of ownership.

The amount of the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Group's share of the net fair value of the identifiable assets and liabilities of an

associate that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as profit or loss.

When an associate issues new shares, if the Group does not subscribe according to the ownership percentage, which causes the ownership percentage to change, and, thus, the net equity value of the investment increases or decreases, capital surplus - the changes in the net equity value of associates accounted for using the equity method and the investment accounted for using the equity method are adjusted for the increase or decrease. However, if the new shares is not subscribed to or acquired according to the ownership percentage, which results in a decrease in the ownership interests of the associate, the amount recognized in the other comprehensive income related to the associate is reclassified according to the percentage of the decrease, and the basis of the accounting treatment adopted is the same as the basis that the associate must follow in the case of direct disposal of relevant assets or liabilities. Where the adjustment in the preceding paragraph shall be debited to the capital surplus, and the balance of the capital surplus generated by the investment under the equity method is insufficient, the difference is debited to the retained earnings.

When the Group's share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

The Group ceases to adopt the equity method on the day when its investment ceases to be an associate, and its retained equity in the original associate is measured at fair value. The differences between the fair value, the proceeds from

the disposal, and the carrying amount of the investment on the day when the equity method ceases to be adopted are recognized in profit or loss. In addition, all amounts recognized in other comprehensive income related to said associate are accounted for on the same basis as the one adopted for the associate's direct disposal of the relevant assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Group will continue to adopt the equity method without remeasuring the retained equity.

Profit or loss on upstream, downstream, and lateral transactions between the Group and its associates is recognized in the consolidated financial statements only to the extent that it does not affect the Group's interests in the associates.

(VIII) Property, plant, and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated using the straight-line method over their useful lives. Each significant part is depreciated separately. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, while applying the effect of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(IX) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including the assets that meet the definition of investment property and the right-of-use assets). Investment property also includes land held, in which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Intangible asset

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Internally generated— research and development (R&D) expenditure

Research expenditure is recognized in expenses when incurred.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(XI) Impairment of assets related to property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and assets related to contract costs

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets (excluding goodwill) at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is a sign that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, property, plant and equipment, and intangible assets related to customer contracts are first recognized as impairment in accordance with the inventory impairment regulations and the regulations above. Then, the carrying amount of the assets related to contract cost in excess of the expected amount of consideration received for the provision of the relevant goods or services less the direct relevant costs is recognized as an impairment loss. Subsequently, the carrying amount of the assets related to contract cost is included in the cash-generating unit to which they belong to perform impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash-generating unit, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the asset related to contract cost which was not recognized as impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial asset

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Group has not designated to measure at FVTOCI, and debt instruments that are not classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, and the gains or losses arising from remeasurement (not including any dividends or interest generated by the financial asset) are recognized in other gains or losses. Please refer to Note 31 for the method of determining the fair value.

B. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, accounts receivable measured at amortized cost, and time deposits with the original maturity date of more than 3 months) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange differences are recognized in profit or loss.

Except for the following two cases, interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

- b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Financial assets are credit-impaired when the issuer or debtor has experienced major financial difficulty, default, the debtor is likely to file for bankruptcy or other financial reorganization, or financial difficulties that cause the active market of the financial asset to disappear.

Equivalent cash includes time deposits that are highly liquid, convertible into imprest cash at any time with little risk of value changes within 3 months from the date of acquisition, and is used to meet short-term cash commitments.

C. Investments in equity instruments measured at FVTOCI

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account. However, the loss allowance for investment in debt instruments measured at FVTOCI is recognized in other comprehensive income without a downward adjustment to the carrying amount.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When the investment in debt instruments measured at FVTOCI is derecognized in its entirety, the difference between its carrying amount and the consideration received plus the sum of any accumulated gains or losses that have been recognized in other comprehensive income is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized at the proceeds received, net of the cost of direct issue.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Group's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIII) Provisions

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

(XIV) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

If several contracts are signed with the same customer (or the customer's related party) almost at the same time, as the goods or services promised in these contracts are single performance obligations, the Group deals with the contracts separately.

1. Sales revenue

Sales revenue comes from the sales of products. As when a product reaches the transaction conditions signed with a customer, the customer already has the right to set the price and the way the product is used while bearing the main responsibility for resale and the risk of obsolescence, at which the Group recognizes such revenue and reclassifies it to accounts receivable after fulfilling the remaining obligations. Advance receipts from sales are recognized as contract liabilities before a product reaches the transaction conditions signed with a customer.

In the case of export of raw materials overseas for processing, the control of the ownership of the processed product has not been transferred, so the income is not recognized when said materials are exported.

(XV) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for low value asset leases and short-term leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct

costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term, the expected payment under the residual value guarantee, the evaluation of the underlying asset purchase options, or the index or rate used to determine the lease payment over the lease term lead to changes in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVII) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods, in which the Group recognizes as expenses the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognized as deferred income and reclassified to profit or loss during the useful life of said assets on a reasonable and systematic basis.

If government grants are used to compensate expenses or losses incurred, or are given to the Group for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which the Group can receive said grants.

For the government loan obtained by the Company with an interest rate lower than that in the market, the difference between the loan amount received and the fair value of the loan calculated at the prevailing market interest rate is recognized as a government grant.

(XVIII) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of the defined benefit pension plan, but the relevant remeasurement is recognized in profit or loss.

(XIX) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via a resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, equipment purchase, research and development, as well as talent training expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When developing significant accounting estimates, the Group takes into account climate change, relevant government policies and laws, the Russia-Ukraine War and relevant international sanctions and their potential impacts on the economic environment, inflation, and fluctuation of market interest rates in the consideration for estimation of cash flows, growth rates, discount rates and profitability and other relevant critical accounting estimates. The management will continue to examine the estimates and basic assumptions.

Key Sources of Estimation and Assumption Uncertainty

(I) Inventory impairment

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical and historical sales experience in similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and equivalents

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Cash on hand and petty cash	\$ 806	\$ 533
Check and demand (current) deposit	409,043	841,611
Cash equivalents (investments with original maturity date of less than 3 months)		
Time deposits	<u>780,000</u>	<u>500,000</u>
	<u>\$ 1,189,849</u>	<u>\$ 1,342,144</u>

The interest rate ranges of bank demand deposits and time deposits at the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Cash in banks	0.001%~1.450%	0.001%~1.050%

VII. Financial instruments at FVTPL

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- Domestic listed stocks	\$147,580	\$186,267
- Gold passbook	15	15
Hybrid financial assets		
- structured deposit (1)	<u>73,876</u>	<u>31,912</u>
Subtotal	<u>\$221,471</u>	<u>\$218,194</u>
<u>Financial liability - current</u>		
Financial assets designated as at FVTPL		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts		
(2)	<u>\$ -</u>	<u>\$ 344</u>

- (I) The structured deposit and wealth management product contracts signed between the Group and the banks. The structured deposits and wealth management products include an embedded derivative that is not closely related to the host contract. Since the host contract included in the hybrid contract is an asset within the scope of IFRS 9, the hybrid contract is mandatorily classified as at FVTPL.
- (II) The unexpired forward foreign exchange contracts without hedge accounting applied on the balance sheet date are as follows:

March 31, 2022

	Currency	Duration	Contract amount (NTD thousand)	
Sale of forward foreign exchange	USD: NTD	December 28, 2022 to January 5, 2023	USD	790
	USD: NTD	December 28, 2022 to January 19, 2023	USD	1,100
	USD: NTD	December 28, 2022 to February 3, 2023	USD	470
	USD: NTD	December 28, 2022 to February 6, 2023	USD	500
	USD: NTD	December 28, 2022 to February 21, 2023	USD	1,300
	USD: NTD	December 28, 2022 to March 6, 2023	USD	1,200
	USD: NTD	December 28, 2022 to March 20, 2023	USD	990
	USD: NTD	December 28, 2022 to March 30, 2023	USD	330

The Company's purpose of engaging in forward foreign exchange transactions is to hedge risks arising from foreign currency assets and liabilities due to exchange rate fluctuations. As the forward foreign exchange contracts held by the Company do not meet the conditions for effective hedging, hedge accounting is not applicable.

VIII. Financial assets at FVTOCI

<u>Equity investment instruments</u>	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Stocks listed on TWSE/TPEX and emerging stock markets		
Brightek Optoelectronic Co., Ltd.	\$ 41,871	\$ 27,030

Unlisted stocks		
Chipwell Tech Corporation	13,149	13,871
Chipstar Tech Corporation	<u>6,307</u>	<u>4,516</u>
	<u>\$ 61,327</u>	<u>\$ 45,417</u>

The Group has invested in the common stocks of the above-mentioned companies in accordance with medium and long-term strategic purposes and expects to make profits through long-term investments. The management of the Group believes that if the short-term fair value fluctuations of these investments are recognized in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so it has elected to designate these investments as at FVTOCI.

IX. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Time deposits with original maturity date		
Deposits - not pledged	\$ 39,700	\$ -
Time deposits with original maturity date		
- pledge	8,739	-
Time deposits with original maturity date of less than 3 months		
- pledge	<u>-</u>	<u>1,000</u>
	<u>\$ 48,439</u>	<u>\$ 1,000</u>
<u>Non-current</u>		
Time deposits with original maturity date of more than 1 year - pledge	<u>\$ -</u>	<u>\$ 6,665</u>

As of December 31, 2023 and 2022, the interest rate range of the pledged time deposits with the original maturity date of less 3 months and the those with more than 3 months were 1.310%-1.565 and 1.185% per annum, respectively.

As of December 31, 2023, the interest rate range of time deposits with original maturity over 3 months was 1.360% per annum.

As of December 31, 2022, the interest rate range of the pledged time deposits with original maturity date of over one year was 1.325%-1.440%.

For information on pledged financial assets measured at amortized cost, please refer to Note 34.

X. Notes receivable, accounts receivable, and other receivables

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Note receivable</u>		
From operations	<u>\$ 15,145</u>	<u>\$ 21,574</u>
<u>Trade receivable</u>		
At amortized cost		
Gross carrying amount	\$ 674,560	\$ 624,154
Less: Allowance for impairment loss	(<u>2,311</u>)	(<u>1,156</u>)
	672,249	622,998
Accounts receivable - related parties	<u>39,125</u>	<u>35,281</u>
	<u>\$ 711,374</u>	<u>\$ 658,279</u>

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	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Other receivables</u>		
Business tax refund receivable	\$ 8,806	\$ 5,595
Proceeds from disposal of right-of-use assets receivable (Note)	-	58,430
Others	<u>2,803</u>	<u>2,604</u>
	<u>\$ 11,609</u>	<u>\$ 66,629</u>

Note: As for the proceeds from disposal of right-of-use assets receivable, the Group signed a state-owned land use right recovery agreement with the sub-center of the Donghu New Technology Development Zone, Wuhan Land Consolidation and Reserve Center, China, in the first half of 2020. The total price is CNY 61,624,000 (approximately NT\$269,729,000) to recover part of the land use rights of Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. located in Wuhan, mainland China. Relevant receivables have been collected in April 2023.

(I) Notes and accounts receivable

The average credit period for customers is net 30 to 180 days after the account day. In addition to the loss allowance for individual customers' actual credit impairment loss, the Group refers to historical experience, considers individual customers' financial status, industries, competitive advantages and prospects, and divides them into different risk groups and recognizes loss allowances for each group based on their expected loss rates. In addition, a 100% loss allowance is recognized for accounts receivable with an account opened for over 365 days and no other credit guarantee provided.

In order to reduce credit risk, the management of the Group is responsible for the determination of credit limit, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. In this regard, the management of the Group believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group directly writes off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The aging analysis of notes and accounts receivable is as follows:

December 31, 2023

	O/A 1–120 days	121–180 days	181–365 days	Over 365 days	Total
Gross carrying amount	\$ 599,584	\$ 127,452	\$ 79	\$ 1,715	\$ 728,830
Loss allowance (lifetime ECLs)	-	(517)	(79)	(1,715)	(2,311)
Amortized cost	<u>\$ 599,584</u>	<u>\$ 126,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 726,519</u>

March 31, 2022

	O/A 1–120 days	121–180 days	181–365 days	Over 365 days	Total
Gross carrying amount	\$ 567,384	\$ 109,984	\$ 2,392	\$ 1,249	\$ 681,009
Loss allowance (lifetime ECLs)	-	-	(1,062)	(94)	(1,156)
Amortized cost	<u>\$ 567,384</u>	<u>\$ 109,984</u>	<u>\$ 1,330</u>	<u>\$ 1,155</u>	<u>\$ 679,853</u>

The information on the movements in the loss allowance for notes and accounts receivable is as follows:

	2023	2022
Opening balance	\$ 1,156	\$ 11,955
Add: Impairment loss for the current year	1,155	-
Less: Write-off in this year	-	(10,799)
Closing balance	<u>\$ 2,311</u>	<u>\$ 1,156</u>

Please refer to Note 34 for the amount of accounts receivable that the Group pledged to secure borrowings.

(II) Other receivables

In order to reduce credit risk, the management of the Group will consider the publicly available financial information to give appropriate internal ratings for items without external information on ratings.

The Group considers the historical default loss rate, the debtor's current financial position, and business forecast for the industry in which it is located to measure the 12-month ECLs or lifetime ECLs of other receivables.

XI. Inventories

	December 31, 2023	March 31, 2022
Finished goods	\$222,526	\$292,077
Work-in-progress	261,843	250,995
Raw materials	298,493	263,935
Products	<u>368</u>	<u>4,582</u>
	<u>\$783,230</u>	<u>\$811,589</u>

The inventory-related costs of sales in 2023 and 2022 were NT\$2,035,398 thousand and NT\$2,032,905 thousand, respectively.

The cost of sales for 2023 and 2022 included the inventory valuation losses of NT\$706 thousand and NT\$27,880 thousand; and the loss of scrapped inventory was NT\$17,091 thousand and NT\$40,034, respectively.

XII. Subsidiary

(I) Subsidiaries included in consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Business	Ownership (%)		Description
			December 31, 2023	March 31, 2022	
The Company	TEK Holding Co., Ltd.	Investment in various overseas businesses	100	100.00	Note 1
	Long Benefit Investment Co., Ltd. (Long Benefit)	General investment	100	100.00	Note 1
	Keeper Technology Co. Ltd. (Keeper Technology)	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	19.02	21.43	Notes 1 and 3
Long Benefit	Keeper Technology	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	36.21	40.79	Notes 1 and 3
TEK Holding Co., Ltd.	Keyway International L.L.C.	Investment in various overseas businesses	100.00	100.00	Note 1
Keyway International L.L.C.	Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	100.00	100.00	Note 1
Keeper Technology	Global Unity Int'l Co., Ltd.	Investment in various overseas businesses	100.00	100.00	Note 1
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Investment in various overseas businesses	100.00	100.00	Note 1
Creation New Technology Inc.	Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual	-	100.00	Note 2

Investor	Investee	Main Business	Ownership (%)		Description
			December 31, 2023	March 31, 2022	
		electronic products manufacturing			

Note 1: Not a material subsidiary.

Note 2: Kaishin Technology's liquidation was completed in February 2023.

Note 3: Keeper Technology increased capital by NTD 12,000 thousand cash in July 2023. However, the Group did not increase investment proportionally to its shareholding, resulting in a decrease in shareholding from 62.22% to 55.23%. The difference between the investment cost and the net equity value is shown in Note 30. Keeper Technology's cash capital increased by NT\$17,000 thousand in February 2024.

XIII. Investments accounted for using equity method

Investments in Associates

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Material associates		
Hsinjing Holding Co. Ltd. (Hsinjing)	\$160,826	\$165,874
Associates that are not individually material	<u>33,571</u>	<u>34,405</u>
	194,397	200,279
Less: Accumulated impairment	(<u>7,499</u>)	(<u>7,499</u>)
	<u>\$186,898</u>	<u>\$192,780</u>

(I) Material associates

The Group's percentages of ownership interests and voting rights in associates at the balance sheet date are as follows:

	<u>Percentage of ownership and voting rights</u>	
<u>Company name</u>	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Hsinjing (formerly known as Tynsolar)	22.79%	22.79%

Refer to Table 3 in Note 37 "Information on Investees" for the nature of business, principal places of business and countries of incorporation of the associates above.

The Group's investment in Hsinjing using the equity method and its share of profit and loss and other comprehensive income of Hsinjing were recognized based on financial statements audited by other CPAs in 2023 and 2022.

The information on Level 1 fair value of associate with open market quotes is as follows:

<u>Company name</u>	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Hsinjing	<u>\$462,646</u>	<u>\$515,139</u>

(II) Aggregate information on associates that are not individually material

	<u>2023</u>	<u>2022</u>
The Group's share of Net income of the continuing operations	<u>\$ 3,171</u>	<u>\$ 4,450</u>

Refer to Table 3 in Note 37 "Information on Investees" for the nature of business, principal places of business and countries of incorporation of the associates above.

The Group adopts the equity method to measure the above-mentioned associates that are not individually material, and its share of profits and losses and other comprehensive income is recognized based on the affiliated companies' financial statements that have been audited by CPAs.

XIV. Property, plant, and equipment

(I) Assets for own use

	Self-owned land	Building	Equipment	Leased Improvements	Other Equipment	Unfinished construction and asset to be checked and accepted	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 62,273	\$ 2,032,592	\$ 2,356,450	\$ 24,478	\$ 129,712	\$ -	\$ 4,605,505
Addition	-	32,484	39,168	7,776	17,092	256,040	352,560
Disposal	-	(208)	(49,533)	-	(4,140)	-	(53,881)
Reclassification	-	40,103	51,739	-	40,504	(132,346)	-
Net exchange differences	-	(6,602)	(4,056)	-	(72)	-	(10,730)
Balance at December 31, 2023	<u>\$ 62,273</u>	<u>\$ 2,098,369</u>	<u>\$ 2,393,768</u>	<u>\$ 32,254</u>	<u>\$ 183,096</u>	<u>\$ 123,694</u>	<u>\$ 4,893,454</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 768,791	\$ 1,880,731	\$ 21,510	\$ 95,630	\$ -	\$ 2,766,662
Depreciation expense	-	119,787	157,467	1,230	13,736	-	292,220
Disposal	-	(208)	(49,503)	-	(4,120)	-	(53,831)
Net exchange differences	-	(4,495)	(3,852)	-	(63)	-	(8,410)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 883,875</u>	<u>\$ 1,984,843</u>	<u>\$ 22,740</u>	<u>\$ 105,183</u>	<u>\$ -</u>	<u>\$ 2,996,641</u>
Net amount at December 31, 2023	<u>\$ 62,273</u>	<u>\$ 1,214,494</u>	<u>\$ 408,925</u>	<u>\$ 9,514</u>	<u>\$ 77,913</u>	<u>\$ 123,694</u>	<u>\$ 1,896,813</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 62,273	\$ 1,794,181	\$ 2,158,294	\$ 21,639	\$ 116,692	\$ 43,796	\$ 4,196,875
Addition	-	113,901	68,980	3,358	15,279	482	202,000
Disposal	-	-	(9,591)	(519)	(3,040)	-	(13,150)
Reclassification	-	120,258	135,552	-	695	(45,064)	211,441
Net exchange differences	-	4,252	3,215	-	86	786	8,339
Balance at December 31, 2022	<u>\$ 62,273</u>	<u>\$ 2,032,592</u>	<u>\$ 2,356,450</u>	<u>\$ 24,478</u>	<u>\$ 129,712</u>	<u>\$ -</u>	<u>\$ 4,605,505</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 658,669	\$ 1,743,116	\$ 21,467	\$ 87,430	\$ -	\$ 2,510,682
Depreciation expense	-	107,104	144,446	562	11,157	-	263,269
Disposal	-	-	(9,556)	(519)	(3,027)	-	(13,102)
Net exchange differences	-	3,018	2,725	-	70	-	5,813
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 768,791</u>	<u>\$ 1,880,731</u>	<u>\$ 21,510</u>	<u>\$ 95,630</u>	<u>\$ -</u>	<u>\$ 2,766,662</u>
Net amount at December 31, 2022	<u>\$ 62,273</u>	<u>\$ 1,263,801</u>	<u>\$ 475,919</u>	<u>\$ 2,968</u>	<u>\$ 34,082</u>	<u>\$ -</u>	<u>\$ 1,838,843</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Building	
Main buildings	15 to 55 years
Electromechanica	
1 power equipment	8 to 10 years

Engineering systems	1.5 to 15 years
Equipment	1 to 20 years
Leased Improvements	9 to 15 years
Other Equipment	1 to 17 years

Please refer to Note 34 for the amount of property, plant and equipment pledged for loans.

XV. Lease arrangements

(I) right-of-use asset

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Right-of-use assets amounts		
Land	\$ 81,941	\$ 85,215
Building	11,984	6,728
Transport Equipment	1,656	149
Other Equipment	138	475
	<u>\$ 95,719</u>	<u>\$ 92,567</u>
	<u>2023</u>	<u>2022</u>
The additions of the right-of-use assets	<u>\$ 18,558</u>	<u>\$ 2,765</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,210	\$ 3,209
Building	11,278	5,767
Transport Equipment	517	611
Other Equipment	337	537
	<u>\$ 15,342</u>	<u>\$ 10,124</u>

Except for the additions and depreciation listed above, the Group did not have significant subleases and impairment for 2023 and 2022.

(II) lease liabilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Lease liabilities amounts		
Current	<u>\$ 9,793</u>	<u>\$ 9,053</u>
Non-current	<u>\$ 85,614</u>	<u>\$ 82,612</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Land	1.41%~1.80%	1.41%~1.80%
Building	2.50%	2.50%
Transport Equipment	1.88%~2.50%	2.50%
Other Equipment	1.79%~1.80%	1.79%~1.80%

(III) Material lease-in activities and terms

The Group has leased land and purchased buildings for offices. The lease term is 37 years. Upon the termination of the lease term, the Group does not have preferential rights to acquire the land and buildings leased and it is agreed that the Group shall not lease, sublease, or transfer all (including the right to use the parking space) or part of the asset leased or in other methods in disguise, to third parties without the consent of the lessor.

(IV) Other lease information

	2023	2022
Short-term lease expense	\$ 183	\$ 332
Low-value asset lease expense	\$ 126	\$ 74
Total cash outflow for leases	(\$ 17,046)	(\$ 11,734)

XVI. Other intangible assets

	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 38,198	\$ 1,492	\$ 39,690
Acquired separately	8,081	-	8,081
Net exchange differences	(104)	-	(104)
Balance at December 31, 2023	<u>\$ 46,175</u>	<u>\$ 1,492</u>	<u>\$ 47,667</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 32,427	\$ 501	\$ 32,928
Amortization expenses	2,325	86	2,411
Net exchange differences	(103)	-	(103)
Balance at December 31, 2023	<u>\$ 34,649</u>	<u>\$ 587</u>	<u>\$ 35,236</u>
Net amount at December 31, 2023	<u>\$ 11,526</u>	<u>\$ 905</u>	<u>\$ 12,431</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,508	\$ 1,492	\$ 33,000
Acquired separately	6,609	-	6,609
Net exchange differences	81	-	81
Balance at December 31, 2022	<u>\$ 38,198</u>	<u>\$ 1,492</u>	<u>\$ 39,690</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 31,024	\$ 415	\$ 31,439
Amortization expenses	1,323	86	1,409

Net exchange differences	<u>80</u>	<u>-</u>	<u>80</u>
Balance at December 31,			
2022	<u>\$ 32,427</u>	<u>\$ 501</u>	<u>\$ 32,989</u>
Net amount at December 31,			
2022	<u>\$ 5,771</u>	<u>\$ 991</u>	<u>\$ 6,762</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Amortization expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Computer software	1 to 6 years
Other intangible assets	1 to 18 years

XVII. Pre-payments

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Input VAT	\$ 8,005	\$ 3,131
Pre-payment for purchases	2,587	315
Offset against value-added tax payable	2,692	100
Others	<u>12,872</u>	<u>15,107</u>
	<u>\$ 26,156</u>	<u>\$ 18,653</u>

XVIII. Other assets

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Other financial assets - current</u>		
Restricted demand deposits	<u>\$ 2,511</u>	<u>\$ 1,003</u>
<u>Current</u>		
Temporary payment	\$ 542	\$ 481
Payment on behalf of others	8	552
Other current assets	<u>764</u>	<u>1,030</u>
	<u>\$ 1,314</u>	<u>\$ 2,063</u>
<u>Other financial assets - non-current</u>		
Restricted demand deposits	<u>\$ 4,506</u>	<u>\$ -</u>
<u>Non-current</u>		
Long-term prepayments	<u>\$ 7,793</u>	<u>\$ 6,463</u>

For other information on financial assets pledged or mortgaged, please refer to Note 34.

XIX. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ 72,800	\$ 53,800
Accounts receivable financing (3)	7,400	-
<u>Unsecured borrowings</u>		

Credit borrowings and
borrowings for purchase of
materials

28,210
\$108,410

54,629
\$108,429

The interest rates of bank borrowings were 0.92%-2.72% and 0.90%-2.80% as of December 31, 2023 and 2022, respectively. Please refer to Note 34 for details of pledge and security for borrowings.

The accounts receivable financing is secured by part of the Group's accounts receivable. As of December 31, 2023, the effective annual interest rate is 2.32%.

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Secured borrowings</u>		
Loan project for return to		
Taiwan for investment (1)	\$223,455	\$152,215
Bank revolving borrowings (2)	65,559	18,612
Bank loan (3)	291,667	391,667
<u>Unsecured borrowings</u>		
Loan project for return to		
Taiwan for investment (1)	10,250	16,400
Less: Current portion	(207,799)	(146,195)
Government grant		
discount (1)	(<u>1,690</u>)	(<u>1,607</u>)
Long-term borrowings	<u>\$381,442</u>	<u>\$431,092</u>

1. The loan project for return to Taiwan for investment is based on the program of "Loan for Welcoming Overseas Taiwanese Businesspeople to Return to Taiwan for Investment" launched by the National Development Fund, Executive Yuan. Since March 2020, the Group has successively taken out medium-term bank loans from domestic banks with maturity dates between October 14, 2024 and February 15, 2027 and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rates of bank borrowings were 1.200%-1.500% and 1.075%-1.375% as of December 31, 2023 and 2022, respectively.
2. The bank revolving loans are new bank loans of NT\$75,000 thousand and NT\$25,000 thousand obtained by the Group on 2023 and 2022, respectively, with the loan period between July 2022 to September 2028, and the principal and interest are amortized and repaid on a monthly basis. The interest rates of

bank borrowings were 2.15%-2.70% and 2.15% as of December 31, 2023 and 2022, respectively.

3. The bank loan is a loan of NT\$500,000 thousand taken out by the Group on November 8, 2021. The loan term ends on November 8, 2026. The purpose of the loan is to repay the balance of the 2017 syndicated loan. The principal and interest are amortized on a monthly basis, and the bank borrowing interest rates were 1.880% and 1.655% as at December 31, 2023 and December 31, 2022.

Please refer to Note 34 for details of pledge and security for borrowings.

XX. Accounts payable and notes payable

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Note payable</u>		
From operations	<u>\$ 4,169</u>	<u>\$ 6,492</u>
<u>Accounts payable</u>		
From operations - non-related parties	\$394,922	\$312,233
From operations - related parties	<u>7,560</u>	<u>1,705</u>
	<u>\$402,482</u>	<u>\$313,938</u>

XXI. Other liabilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Other payables		
Wages, salaries, and bonuses payable	\$ 92,746	\$ 87,894
Expenses payable	34,707	42,889
Plant and equipment payable	24,580	20,203
Employee compensation and remuneration of directors payable	21,239	42,180
Labor and health insurance premium and pension payable	15,730	14,892
Others	<u>20,443</u>	<u>25,715</u>
	<u>\$209,445</u>	<u>\$233,773</u>
Unearned revenue		
Government grants (Note 29)	<u>\$ 9,746</u>	<u>\$ 11,375</u>
Other current liabilities		
Refund liabilities	\$ 5,661	\$ 6,652
Payments on behalf of others	4,595	3,452
Temporary receipts	550	314
Others	<u>3,037</u>	<u>3,094</u>
	<u>\$ 13,843</u>	<u>\$ 13,512</u>

XXII. Provisions

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Non-current</u>		
Employee benefits (Note)	<u>\$ 19,894</u>	<u>\$ 18,444</u>
		<u>Employee benefits</u>
Balance at January 1, 2023		\$ 18,444
Increase for the current year		3,022
Used in the current year		(1,572)
Balance at December 31, 2023		<u>\$ 19,894</u>

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	<u>Employee benefits</u>
Balance at January 1, 2022	\$ 16,807
Increase for the current year	3,799
Used in the current year	(<u>2,162</u>)
Balance at December 31, 2022	<u>\$ 18,444</u>

Note: Provision for employee benefits liability is the estimate of employee long-term service bonuses (medals).

XXIII. Post-employment benefit plans

(I) Defined contribution plans

The Company and domestic subsidiaries in the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China are members of the retirement benefit plan managed by the mainland China government. The subsidiary must contribute a specific proportion of the salary cost to the retirement benefit plan to provide funding for the plan. The Group's obligation for this government-managed retirement benefit plan is only to contribute a specific amount.

(II) Defined benefit plan

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is the defined benefit plan under the management of the government of R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes an amount, which equals to 2% of each employee's total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contribute an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plan are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Present value of defined benefit obligation	\$ 89,008	\$ 91,213
Fair value of plan assets	(<u>73,945</u>)	(<u>72,351</u>)
Net defined benefit liability	<u>\$ 15,063</u>	<u>\$ 18,862</u>

The changes in net defined benefit liability:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
From January 1, 2022	<u>\$ 103,556</u>	(<u>\$ 65,651</u>)	<u>\$ 37,905</u>
servicing costs			
Service cost for the current year	599	-	599
Interest expense (income)	<u>689</u>	(<u>474</u>)	<u>215</u>
Recognized in loss (profit)	<u>1,288</u>	(<u>474</u>)	<u>814</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(4,227)	(4,227)
Actuarial gains (losses)			
- Changes in financial assumptions	(3,895)	-	(3,895)
- Experience adjustments	<u>92</u>	<u>-</u>	<u>92</u>
Recognized in other comprehensive (income) loss	(<u>3,803</u>)	(<u>4,227</u>)	(<u>8,030</u>)
Contributions from the employer	<u>-</u>	(<u>11,827</u>)	(<u>11,827</u>)
Benefits paid	(<u>9,828</u>)	<u>9,828</u>	<u>-</u>
March 31, 2022	<u>91,213</u>	(<u>72,351</u>)	<u>18,862</u>
servicing costs			
Service cost for the current year	356	-	356
Interest expense (income)	<u>1,136</u>	(<u>917</u>)	<u>219</u>
Recognized in loss (profit)	<u>1,492</u>	(<u>917</u>)	<u>575</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(620)	(620)
Actuarial gains (losses)			
- Changes in financial assumptions	579	-	579
- Experience adjustments	<u>311</u>	<u>-</u>	<u>311</u>

Recognized in other comprehensive (income) loss	<u>890</u>	(<u>620</u>)	<u>270</u>
Contributions from the employer	<u>-</u>	(<u>4,644</u>)	(<u>4,644</u>)
Benefits paid	(<u>4,587</u>)	<u>4,587</u>	<u>-</u>
December 31, 2023	<u>\$ 89,008</u>	(<u>\$ 73,945</u>)	<u>\$ 15,063</u>

Due to the pension plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Group's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.
2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Discount rate	1.20%	1.30%
Salary adjustment rate	2.50%	2.50%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Discount rate		
0.25% increase	(<u>\$ 1,424</u>)	(<u>\$ 1,551</u>)
0.25% decrease	<u>\$ 1,469</u>	<u>\$ 1,642</u>
Salary adjustment rate		
0.5% increase	<u>\$ 2,822</u>	<u>\$ 3,192</u>
0.5% decrease	(<u>\$ 2,688</u>)	(<u>\$ 3,010</u>)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
The expected contributions to the plan for the following year	<u>\$ 3,970</u>	<u>\$ 3,980</u>
The weighted average duration of the defined benefit obligation	8.9 years	9.6 years

XXIV. Equity

(I) Ordinary shares

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Authorized shares (in thousand)	<u>700,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 7,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousand)	<u>300,621</u>	<u>300,621</u>
Issued capital	<u>\$ 3,006,223</u>	<u>\$ 3,006,223</u>

The ordinary shares issued, with a par value of NT\$10 per share, are entitled to one voting right per share and to the right to receive dividends.

The Company's authorized capital was increased from NT\$5,000,000 thousand to NT\$7,000,000 thousand according to the approval of the shareholders' meeting through resolution on June 15, 2010, and the authorized capital change registration was completed on June 9, 2023. Said change of authorization capital registration has been approved by the competent authority on file.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Shares premium from issuance	\$ 6	\$ 6
Premium of corporate bond conversion	28,983	28,983
The difference between the equity price and the book value of acquisition or disposal of subsidiary	(3,064)	(3,064)
<u>May be used to offset a deficit only</u>		
Changes in the net equity of subsidiaries and associates accounted for using equity method (2)	83,622	82,234

Treasury stock transactions	37,403	37,403
Expired employees share options	16,410	16,410
Others (Note)	<u>81,901</u>	<u>81,901</u>
	<u>\$245,261</u>	<u>\$243,873</u>

Note: Reclassified from the difference in the repurchase of the convertible corporate bonds.

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and only once a year).
2. This type of capital surplus is the effect of equity transactions recognized due to changes in the Company's equity or the adjustment to the capital surplus of the subsidiary accounted for using the equity method by the Company when the Company has not actually acquired or disposed of the equity of the subsidiary.

The changes in capital surplus for the current period are as follows:

	Changes in the net equity of subsidiaries and associates accounted for using the equity method
Balance at January 1, 2023	<u>\$ 82,234</u>
Adjustment to the capital surplus of associates accounted for using the equity method	145
Changes in ownership interests of subsidiaries recognized	<u>1,243</u>
Balance at December 31, 2023	<u>\$ 83,622</u>
Balance at January 1, 2022	\$ 82,000
Adjustment to the capital surplus of associates accounted for using the equity method	<u>234</u>
Balance at December 31, 2022	<u>\$ 82,234</u>

(III) Retained earnings and dividends policy

Per the Company's Articles of Incorporation regarding the earnings distribution policy, the Company's earnings distribution or loss compensation shall be proposed by the board of directors after the end of each semi-annual fiscal period. In the case of issuance of new shares, it shall be submitted to the shareholders' meeting for a resolution. Any cash distribution of dividends, profits, legal reserves or capital surplus, either in whole or in part, must be resolved in a board meeting with more than two-thirds of the board members present, voted in

favor by more than half of the attending directors and reported in the upcoming shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation, if there is a surplus as per the annual financial statements, the Company shall pay all taxes in accordance with the law and compensate the cumulative deficit first, and then allocate 10% as a legal reserve in accordance with the law unless it has reached the same amount of the Company's paid-in capital. Where there is any remaining balance, the Company shall allocate amount as or reverse the special reserve according to laws and regulations. If there is still any balance left, together with the cumulative undistributed earnings, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting to resolve the distribution of shareholders' dividends. For information on the policy of the employee compensation and remuneration of directors and supervisors as in the Company's Articles of Incorporation, refer to Note 26(8) regarding employee compensation and remuneration of directors.

In addition, according to the Company's Articles of Incorporation, the Company adopts a dividend policy that allows the board of directors to propose dividends after taking into consideration its future capital requirements, long-term financial plans, and shareholders' needs for cash inflow. Profit sharing to shareholders can be paid in cash or shares, provided that the cash portion does not amount to less than 10% of total profit sharing.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The earnings distribution for 2022 and 2021 were resolved in the shareholders' meetings on May 29, 2023 and June 8, 2022, respectively, and the distribution was as follows:

	<u>2022</u>	<u>2021</u>
Appropriated as statutory reserves	\$ -	\$ 71,480
Appropriated as (reversed) special reserve	\$ 8,858	(\$ 18,292)
Cash dividends	\$ -	\$300,622
Cash dividend per share (NTD)	\$ -	\$ 1.00

The Company had a deficit to be compensated for 2022, such that the board of directors resolved a decision not to distribute dividends on February 22, 2023,

and resolved a decision to distribute the 2021 cash dividends on February 22, 2022. The remaining earnings distribution items for 2021 have been resolved by the general shareholders' meeting on May 29, 2023 and June 8, 2022, respectively.

The 2023 earnings distribution proposal approved by the Company's board of directors on February 21, 2024 is as follows:

	<u>2023</u>
Cash dividends	<u>\$ 60,124</u>
Cash dividend per share (NTD)	<u>\$ 0.2</u>

The above cash dividends distribution proposal has been approved by the board of directors, and the rest is pending a resolution by the annual general shareholders' meeting scheduled to be held on May 30, 2024.

(IV) Special reserves

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 37,523	\$ 55,815
Appropriated as special reserve		
Amount debited to other equity items	8,858	-
Reversed special reserve		
Other equity items debited to the amount reversed	<u>-</u>	<u>(18,292)</u>
Closing balance	<u>\$ 46,381</u>	<u>\$ 37,523</u>

(V) Other items of equity

1. Exchange Differences in Translating the Financial Statements of Foreign Operations

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 19,603)	(\$ 22,851)
Incurring in the current year		
Exchange differences on translating the financial statements of foreign operations	(4,742)	4,060
Relevant income taxes	<u>948</u>	<u>(812)</u>
Closing balance	<u>(\$ 23,397)</u>	<u>(\$ 19,603)</u>

2. Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 26,780)	(\$ 416)
Incurring in the current year through other comprehensive income	15,910	(33,159)
Relevant income taxes	<u>(2,968)</u>	<u>5,963</u>

Other comprehensive income for the current year	<u>12,942</u>	(<u>27,196</u>)
Closing balance	(<u>\$ 13,838</u>)	(<u>\$ 26,780</u>)

(VI) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 35,496	\$ 38,540
Share attributable to non-controlling interests		
Net income of the current year	(3,741)	(2,918)
Exchange Differences in Translating the Financial Statements of Foreign Operations	(151)	61
Capital reserves - changes in ownership interests in subsidiaries recognized (Note 30)	(1,243)	-
Changes in non-controlling interests	<u>12,000</u>	(<u>187</u>)
Closing balance	<u>\$ 42,361</u>	<u>\$ 35,496</u>

XXV. Revenue

	<u>2023</u>	<u>2022</u>
Sales revenue	\$ 2,000,331	\$ 2,194,769
Others	<u>267,306</u>	<u>224,740</u>
	<u>\$ 2,267,637</u>	<u>\$ 2,419,509</u>

(I) Contract balance

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Accounts receivable (Note 10)	<u>\$711,374</u>	<u>\$658,279</u>
Lease liabilities - current		
Sales	<u>\$ 520</u>	<u>\$ 477</u>

The change in contract assets and liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer. The contract liabilities at the beginning of the year and the performance obligations that have been satisfied in the prior years recognized as revenue in the current period is as follows:

	<u>2023</u>	<u>2022</u>
<u>Contract liabilities at the beginning of year</u>		
Sales	<u>\$ 477</u>	<u>\$ 174</u>

XXVI. Net income (loss) of the continuing operations for the period

(I) Net amount of other gains (losses)

	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	<u>\$ 551</u>	<u>\$ 431</u>

(II) Interest income

	<u>2023</u>	<u>2022</u>
Cash in banks	\$ 10,468	\$ 4,415
Financial assets at amortized cost	<u>347</u> <u>\$ 10,815</u>	<u>149</u> <u>\$ 4,564</u>

(III) Other income

	<u>2023</u>	<u>2022</u>
Dividend revenue	\$ 9,169	\$ 23,604
Subsidy income	3,811	7,611
Rent income	735	1,199
Others	<u>4,117</u> <u>\$ 17,832</u>	<u>8,714</u> <u>\$ 41,128</u>

(IV) Other gains or losses

	<u>2023</u>	<u>2022</u>
Net foreign exchange gains	\$ 10,091	\$ 95,848
Gains on lease modification	-	1
Loss from disposal of subsidiary	(66)	-
Net losses on financial assets at FVTPL	(39,160)	(346,710)
Miscellaneous expenditure	(<u>320</u>) <u>(\$ 29,455)</u>	(<u>4,479</u>) <u>(\$255,340)</u>

(V) Financial costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 12,978	\$ 11,074
Interest on lease liabilities	<u>1,921</u> <u>\$ 14,899</u>	<u>1,788</u> <u>\$ 12,862</u>

(VI) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
An analysis of depreciation by function		
Operating costs	\$269,800	\$236,236
Operating expenses	<u>37,762</u> <u>\$307,562</u>	<u>37,157</u> <u>\$273,393</u>
An analysis of amortization by function		
Operating costs	\$ 16	\$ 9
Operating expenses	<u>2,395</u>	<u>1,400</u>

\$ 2,411

\$ 1,409

(VII) Employee benefits expense

	2023	2022
Short-term employee benefits	\$616,796	\$605,316
Long-term employee benefits	3,022	3,799
Post-employment benefits (Note 23)		
Defined contribution plans	20,693	21,112
Defined benefit plan	<u>586</u>	<u>814</u>
Total employee benefits expense	<u>\$641,097</u>	<u>\$631,041</u>
An analysis by function		
Operating costs	\$428,912	\$445,657
Operating expenses	<u>212,185</u>	<u>185,384</u>
	<u>\$641,097</u>	<u>\$631,041</u>

(VIII) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate that the employees' compensation and remuneration of directors shall be appropriated at the rates from 5%-15% and no higher than 5%, respectively, of the net income before taxes and net of employees' compensation and remuneration of directors. However, the net loss before tax is made in 2023 and 2022, and thus the employees' remuneration and directors' remuneration are not estimated.

Amount

	2021	
	Cash	Stocks
Employee compensation	<u>\$ 61,702</u>	<u>\$ -</u>
Directors' remuneration	<u>\$ 11,580</u>	<u>\$ -</u>

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected on the following year.

There is no difference between the actual amounts of 2021 employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(IX) Foreign exchange gains or losses

2023

2022

Foreign exchange gains	\$ 94,368	\$193,890
Total foreign exchange losses	(84,277)	(98,042)
Net profit	<u>\$ 10,091</u>	<u>\$ 95,848</u>

XXVII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense (income) were as follows:

	<u>2023</u>	<u>2022</u>
Tax currently payable		
Incurred in the current year	\$ -	\$ 17,503
Levied on unappropriated earnings	-	3,967
Prior years adjustment	(4,855)	(39,354)
	(4,855)	(17,884)
Deferred tax		
Incurred in the current year	(20,453)	38,299
Income tax (benefit) expense recognized in profit or loss	<u>(\$ 25,308)</u>	<u>\$ 20,415</u>

The adjustment to accounting income and income tax (profit) expenses is as follows:

	<u>2023</u>	<u>2022</u>
Net loss before tax	(<u>\$161,003</u>)	(<u>\$164,008</u>)
Income tax expense calculated based on statutory tax rate for net income tax before tax	(\$ 43,867)	(\$ 74,322)
Permanent difference	(8,564)	100,140
Levied on unappropriated earnings	-	3,967
Loss credit and temporary difference	31,978	29,984
Adjustments to income tax expenses of prior years	(4,855)	(39,354)
Income tax (benefit) expense recognized in profit or loss	<u>(\$ 25,308)</u>	<u>\$ 20,415</u>

(II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred tax</u>		
Incurred in the current year		
- Translation of foreign operations	\$ 948	(\$ 812)
- Unrealized gain (loss) on financial assets at FVTOC	(2,968)	5,963
Income tax recognized in other comprehensive income	<u>\$ 2,020</u>	<u>\$ 5,151</u>

(III) Current tax assets and liabilities

	December 31, 2023	March 31, 2022
Current tax assets		
Tax refund receivable	\$ 1,370	\$ -
Current tax liabilities		
Income tax payable	\$ -	\$ 35,945

(IV) Deferred tax assets and liabilities

The changes in the deferred tax assets and liabilities are as follows:

2023

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 28,313	\$ 144	\$ -	\$ 28,457
Property, plant, and equipment	1,363	(9)	-	1,354
Financial assets at FVTOCI	(2,407)	-	(2,968)	(5,375)
Provisions	3,689	290	-	3,979
Refund liabilities	2,618	(1,486)	-	1,132
Defined benefit pension plan	(762)	(814)	-	(1,576)
Investment (gains) losses	(2,244)	4,189	-	1,945
Unrealized exchange losses	-	1,061	-	1,061
Investment tax credit	-	12,236	-	12,236
Exchange differences on translating the financial statements of foreign operations	4,899	-	948	5,847
Temporary difference	35,469	15,611	(2,020)	49,060
Loss carryforwards	-	2,712	-	2,712
	<u>\$ 35,469</u>	<u>\$ 18,323</u>	<u>(\$ 2,020)</u>	<u>\$ 51,772</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized foreign exchange gains	\$ 1,778	(\$ 1,778)	\$ -	\$ -
Financial assets at FVTPL	877	(352)	-	525
	<u>\$ 2,655</u>	<u>(\$ 2,130)</u>	<u>\$ -</u>	<u>\$ 525</u>

2022

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 22,737	\$ 5,576	\$ -	\$ 28,313
Property, plant, and equipment	1,363	-	-	1,363
Financial assets at FVTOCI	(8,370)	-	5,963	(2,407)
Provisions	(3,642)	7,331	-	3,689
Refund liabilities	4,698	(2,080)	-	2,618
Defined benefit pension plan	1,441	(2,203)	-	(762)
Investment losses	3,503	(5,747)	-	(2,244)
Exchange differences on translating the financial statements of foreign operations	5,711	-	(812)	4,899
Temporary difference	27,441	2,877	5,151	35,469
Loss carryforwards	53,846	(53,846)	-	-
	<u>\$ 81,287</u>	<u>(\$ 50,969)</u>	<u>\$ 5,151</u>	<u>\$ 35,469</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized foreign exchange gains	\$ 5,751	(\$ 3,973)	\$ -	\$ 1,778
Financial assets at FVTPL	9,574	(8,697)	-	877
	<u>\$ 15,325</u>	<u>(\$ 12,670)</u>	<u>\$ -</u>	<u>\$ 2,655</u>

(V) Deductible temporary difference of deferred tax assets and unused loss carryforwards not recognized in the consolidated balance sheet

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Loss carryforwards		
Due in 2023	\$ -	\$ 21,002
Due in 2026	274	274
Due in 2030	8,306	8,306
Due in 2031	46,349	32,787
	<u>\$ 54,929</u>	<u>\$ 62,369</u>
Deductible temporary difference		
Unrealized foreign exchange gains	(\$ 181)	(\$ 149)
Impairment losses, including loss allowance	14,421	7,499
	<u>\$ 14,240</u>	<u>\$ 7,350</u>

(VI) Information on unused loss carryforwards

As of December 31, 2023, the information on loss credit is as follows:

Balance of unused loss carryforwards	Last valid year
\$ 274	2026
8,306	2030
46,349	2031
<u>\$ 54,929</u>	

(VII) Income tax assessments

The Company's profit-seeking enterprise income tax returns up to 2020 had been examined and approved by the tax authorities.

XXVIII. Loss per share

	2023	2022
Basic loss per share	<u>(\$ 0.44)</u>	<u>(\$ 0.60)</u>
Diluted loss per share	<u>(\$ 0.44)</u>	<u>(\$ 0.60)</u>

The loss and weighted average number of ordinary shares outstanding in calculating loss per share were as follows:

Net loss of the current year

	2023	2022
Net loss in the computation of basic loss per share	<u>(\$131,954)</u>	<u>(\$181,505)</u>

Shares

	2023	2022
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	<u>300,621</u>	<u>300,621</u>

XXIX. Government grants

As of December 31, 2023, the Company has obtained a government loan of NT\$282,370 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditure and purchase of equipment. The loan will be repaid in installments over a period of five to seven years. The fair value of the loan is estimated to be NT\$278,233 thousand based on the market interest rate of 0.87% to 2.00% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of NT\$4,137 thousand as a government low-interest loan grant and recognized as

unearned revenue. The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Other income recognized by the Company for 2023 and 2022 is NT\$971 thousand and NT\$816 thousand, respectively, and the loan interest expenses recognized are NT\$2,623 thousand and NT\$1,528 thousand, respectively.

If the Company fails to meet the requirements of the project loan regulations during the loan term and the National Development Fund has to stop the loan, and when the processing fee should be charged, the Company shall pay at the initial agreed interest rate plus the annual interest rate.

In addition, the Company has obtained a grant of NT\$3,894 under the Demonstration and Promotion Subsidy Program for the Energy Conservation Performance Guarantee Project and achieved the promised energy saving rate of 70% in July 2022 in the project proposal. The remaining grant of NT\$9,088 thousand was received. As of December 31, 2023, the Company has recognized the government grant of NT\$8,750 thousand in deferred income.

30. Equity transactions with non-controlling interests

In July 2023, the Group failed to subscribe for the subsidiary - Keeper Technology Co., Ltd. in proportion to its shareholding, resulting in a decrease in shareholding from 62.22% to 55.23%.

Since the transaction above did not change the control of the Group over the subsidiary, the Group treated it as an equity transaction.

	<u>Keeper Technology</u>
Consideration for performance	\$ -
The portion of the book value of the subsidiary's net assets that should be reclassified from the non-controlling interests is calculate based on the relative changes in equity.	<u>1,243</u>
Difference in equity transaction	<u>\$ 1,243</u>
<u>Equity transaction balance adjustment account</u>	
Capital reserves - changes in ownership interests in subsidiaries recognized	<u>\$ 1,243</u>

XXXI. Capital risk management

In accordance with the overall business environment and the Group's future development, the Group's capital structure is regularly reviewed by the main management personnel in consideration of external competition, changes in the environment and other factors. The review includes consideration for various types of capital costs and relevant

risks to determine an appropriate capital structure of the Group. The purpose is to satisfy the Group's requirements for working capital, research and development expenses, and dividend expenditures in the future, while ensuring that the Group can continue to operate, give back to shareholders, and take into account the interests of other stakeholders, and maintaining the best capital structure to enhance shareholders' value on a long term.

The capital structure of the Group consists of net debt (borrowings less cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital, capital surplus, retained earnings, and other equity items), as well as non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group reviews the capital structure annually. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Under the suggestions of the key management personnel, the Group may pay dividends, issue new shares, buy back shares and issue new debts or repay old debts to balance the overall capital structure.

XXXII. Financial instruments

(I) Fair value—financial instruments not at fair value

The carrying amount of the Group's financial assets and liabilities measured at amortized cost was close to their fair value in the financial statements at the end of the financial reporting period.

(II) Fair value—financial instruments at fair value on a recurring basis

1. Degree of fair value measurements

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 147,580	\$ -	\$ -	\$ 147,580
Gold passbook	15	-	-	15
Structured deposit	-	73,876	-	73,876
Total	<u>\$ 147,595</u>	<u>\$ 73,876</u>	<u>\$ -</u>	<u>\$ 221,471</u>

Financial assets at FVTOCI

Investment in equity instruments

- Domestic stocks
listed on
TWSE/TPEX and
emerging stock
markets

- Domestic unlisted
stocks

\$ 41,871	\$ -	\$ -	\$ 41,871
-	-	19,456	19,456
<u>\$ 41,871</u>	<u>\$ -</u>	<u>\$ 19,456</u>	<u>\$ 61,327</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 186,267	\$ -	\$ -	\$ 186,267
Gold passbook	15	-	-	15
Structured deposit	-	31,912	-	31,912
Total	<u>\$ 186,282</u>	<u>\$ 31,912</u>	<u>\$ -</u>	<u>\$ 218,194</u>

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	Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investment in equity instruments				
- Domestic stocks listed on TWSE/TPEX and emerging stock markets	\$ 27,030	\$ -	\$ -	\$ 27,030
- Domestic unlisted stocks	<u>-</u>	<u>-</u>	<u>18,387</u>	<u>18,387</u>
	<u>\$ 27,030</u>	<u>\$ -</u>	<u>\$ 18,387</u>	<u>\$ 45,417</u>
<u>Financial liability at</u>				
<u>FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 344</u>

There were no transfers between Level 1 and Level 2 fair value in 2023 and 2022.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Class of financial instruments	Valuation technique and inputs
Structured deposits and wealth management products	Discounted cash flow method: discounted at a discount rate that reflects the current interest rate of a financial product at the end of the period.
Derivatives - forward foreign exchange contracts	Discounted cash flow method: Future cash flows are estimated based on the observable forward exchange rates at the end of the period and the exchange rates and interest rates specified in the contract and discounted at a discount rate that can indicate each counterparty's credit risk.

3. Reconciliation of Level 3 fair value measurements of financial assets

2023

Financial asset	Financial assets at FVTPL Equity instrument	Financial assets at FVTOCI Equity instrument
Opening balance	\$ -	\$ 18,387
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	<u>-</u>	<u>1,069</u>
Closing balance	<u>\$ -</u>	<u>\$ 19,456</u>

2022

Financial asset	Financial assets at FVTPL Equity instrument	Financial assets at FVTOCI Equity instrument
Opening balance	\$ 87,201	\$ 17,386
Purchase	-	4,344
Recognized in profit or loss (other gains or losses)	(87,201)	-
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOC)	-	(3,343)
Closing balance	<u>\$ -</u>	<u>\$ 18,387</u>

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of domestic stocks traded on emerging stock markets is estimated based on the closing prices of the stocks in the emerging stock markets and the liquidity. Investments in domestic and foreign unlisted equity are estimated by the market approach based on the transaction price of comparable targets and the difference between the evaluation target and the comparable target is considered to estimate the value of the target evaluated using an appropriate multiplier.

	December 31, 2023	March 31, 2022
Price-book ratio	0.92~3.51	0.74~4.09
Liquidity Discounts	30%	30%

(III) Categories of financial instruments

	December 31, 2023	March 31, 2022
<u>Financial asset</u>		
Financial assets as at FVTPL		
Financial assets designated as at FVTPL	\$ 221,471	\$ 218,194
Financial assets at amortized cost (Note 1)	1,986,839	2,100,704
Financial assets at FVTOCI		
Investment in equity instruments	61,327	45,417
<u>Financial liability</u>		
Financial assets as at FVTPL		
Financial assets designated as at FVTPL	-	344
At amortized cost (Note 2)	1,324,520	1,252,533

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including from related parties), other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including to related parties), other payables, current portion of long-term borrowings, unearned revenue, long-term borrowings, long-term deferred revenue, and guarantee deposits received.

(IV) Financial risk management objective and policies

The Group's main financial instruments include equity investment, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets and supervises and manages the financial risks related to the Group's operations by analyzing internal risk reports based on the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Group uses derivative financial instruments to avoid risk exposure to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Group's board of directors, which are written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of remaining working capital. Compliance with policies and exposure limits is being reviewed by the internal auditors continuously. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks for the Group's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below). The Group engages in various derivative financial instruments to manage foreign currency exchange rate risk and interest rate risk.

The Group's exposure to the market risk of financial instruments and its management and measurement methods for the risk exposure have remained unchanged.

(1) Exchange rate risk

The Group is engaged in sale and purchase transactions denominated in foreign currencies, which has caused the Group to be exposed to the risk of exchange rate fluctuations. Approximately 78.05% of the Group's sales are not denominated in the functional currency, and approximately 46.47% of the cost is not denominated in the functional currency. The Group's management of the exposure to the exchange rate risk is to use foreign currency options to manage risks within the scope permitted by the policy.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the balance sheet date are set out in Note 36.

Sensitivity analysis

The Group was mainly affected by the fluctuations in the exchange rates of USD, JPY and CNY.

The following table details the Group's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity to a 1% change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation and the year-end translation was adjusted with a 1% change in the exchange rates. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the New Taiwan dollar appreciates by 1% against the relevant currencies; when the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	Impact of USD		Impact of JPY		Impact of CNY	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 4,886(i)	\$ 4,871(i)	(\$ 498)(ii)	(\$ 544)(ii)	\$ 1,892(iii)	\$ 1,562(iii)

- (i) Mainly derived from the Group's USD-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (ii) Mainly derived from the Group's JPY-denominated payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (iii) Mainly derived from the Group's CNY-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

Sales denominated in USD are seasonal, so the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure throughout the year.

(2) Interest rate risk

Because individual entities within the Group borrow funds at fixed and floating interest rates at the same time, the exposure to the interest rate risk arises. The Group manages the interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Fair value interest rate risk		
-Financial assets	\$822,200	\$504,524
-Financial liabilities	116,569	73,240
Cash flow interest rate risk		
-Financial assets	420,046	845,283
-Financial liabilities	581,082	612,476

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to the interest rate risk of derivatives and non-derivatives at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding at the balance sheet date is in outstanding throughout the reporting period. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk

internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 1% and all other variables remain unchanged, the Group's net income before tax for 2023 and 2022 would have decreased/increased by NT\$1,610 thousand and NT\$2,328 thousand, respectively.

(3) Other price risk

The Group's exposure to the equity price risk is due to the investment in the listed equity securities. The management of the Group manages the risk by holding investment portfolios with different risk factors. The Group's equity price risk is mainly concentrated on Taiwan Stock Exchange's equity instruments in specific industries.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax for 2023 and 2022 would have increased/decreased by NT\$1,476 thousand and NT\$1,863 thousand due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT\$419 thousand and NT\$270 thousand due to the increase/decrease in the fair value of financial assets at FVTOCI.

The Group's sensitivity to the price risk decreased in 2020 because of the decrease in investment in equity securities held.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to perform an obligation and financial guarantees provided by the Company could arise from:

- (1) The carrying amount of the financial assets recognized in the consolidated balance sheet.

- (2) The amount of contingent liabilities arising from the financial guarantee provided by the Group.

The policy adopted by the Group is to conduct transactions only with reputable counterparties, and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults. The Group only conducts transactions with companies whose ratings are equal to or higher than the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Group will refer to other publicly available financial information and mutual transaction records to rate its major customers. The Group continuously monitors credit risk and the credit rating of its counterparties and distributes the total transaction amount to customers with qualified credit ratings, and controls the exposure to credit risk through the counterparty credit limits that are reviewed and approved by the financial management department every year.

In order to mitigate the credit risk, the management of the Group assigns a dedicated team responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. In this regard, the management of the Group believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives is not high because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's customer base is large and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of the bank financing facilities and ensures compliance with the terms of the borrowing terms.

Bank borrowings were an important source of liquidity for the Group. As of December 31, 2023 and 2022, for the Group's unutilized credit facilities, please refer to (2) below for description of financing facilities.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2023

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative</u>		
<u>financial liabilities</u>		
Non-interest-bearing liabilities		
Note payable and accounts payable	\$406,651	\$ -
Other payables (Note)	73,710	1,294
Floating interest rate instruments	234,475	346,607
Fixed interest rate instruments	80,044	36,525
lease liabilities	<u>11,479</u>	<u>110,489</u>
	<u>\$806,359</u>	<u>\$494,915</u>

Further information on the analysis of undiscounted lease liabilities maturity dates is as follows:

	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>Over 20 Years</u>
lease liabilities	<u>\$ 11,479</u>	<u>\$ 20,079</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 41,831</u>

March 31, 2022

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative</u>		
<u>financial liabilities</u>		

Non-interest-bearing liabilities		
Note payable and accounts payable	\$320,430	\$ -
Other payables (Note)	82,980	-
Floating interest rate instruments	190,056	422,420
Fixed interest rate instruments	62,962	10,278
lease liabilities	<u>10,649</u>	<u>108,840</u>
	<u>\$667,077</u>	<u>\$541,538</u>

Further information on the analysis of undiscounted lease liabilities maturity dates is as follows:

	Less than One Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
lease liabilities	<u>\$ 10,649</u>	<u>\$ 15,191</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 45,070</u>

Note: The other payables mentioned above do not include salaries, employee compensation payable, directors' remuneration payable, and pensions payable.

(2) Financing facilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Unsecured bank borrowings facility (review every year)		
- Amount used	\$ 38,460	\$ 71,029
- Amount unused	<u>965,065</u>	<u>932,521</u>
	<u>\$ 1,003,525</u>	<u>\$ 1,003,550</u>
Secured bank borrowings facility		
- Amount used	\$ 660,881	\$ 616,293
- Amount unused	<u>602,119</u>	<u>571,707</u>
	<u>\$ 1,263,000</u>	<u>\$ 1,188,000</u>

XXXIII. Related party transactions

Balances and transactions between the Company and its subsidiaries have all been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and other related parties are as follows.

(I) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
---------------------------	-------------------------------

<u>Associate</u>	
Coretech Optical Co., Ltd.	Associate by investment using the equity method
Hsinjing Holding Co., Ltd.	Associate by investment using the equity method
<u>Substantive related party</u>	
Epistar Corporation	Its parent company is a director of the Company.
Lextar Electronics Corporation	Its parent company is a director of the Company.
Prolight Opto Technology Corporation	Its parent company is a director of the Company.
best Epitaxy Manufacturing Co. Ltd.	The parent company is a director of the Company (was a related party until June 2023)
Lextar Electronics (Chuzhou) Corp.	Its parent company is a director of the Company.
iReach Corporation	The parent company is a director of the Company (was a related party until June 2023)
Lee, Biing-Jye	Key management (related parties before December 27, 2023)
Raymond Sheu	Key management personnel
Wen-Hu Wang	Key management personnel

(II) Operating income

Line Item	Category of related party/Name	2023	2022
Sale	Substantive related party		
	Lextar Electronics Corporation	\$ 138,820	\$ 121,205
	Lextar Electronics (Chuzhou) Corp.	22,643	15,851
	Others	<u>2,469</u>	<u>2,461</u>
		<u>\$ 163,932</u>	<u>\$ 139,517</u>

The selling prices to related parties are equivalent to those to ordinary customers, and the payment terms are implemented in accordance with the Group's payment policy.

(III) Purchase

Line Item	Category of related party/Name	2023	2022
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Inventories - raw materials	Substantive related party		
	Epistar Corporation	\$ 38,258	\$ 15,990
	best Epitaxy Manufacturing Co. Ltd.	<u>54</u>	<u>112</u>
		<u>\$ 38,312</u>	<u>\$ 16,102</u>

The purchase prices from related parties are equivalent to those to ordinary clients and the purchase terms are implemented in accordance with the Group's policy.

(IV) Receivables from related parties

Line Item	Category of related party/Name	December 31, 2023	March 31, 2022
Accounts receivable - related parties	Substantive related party		
	Lextar Electronics Corporation	\$ 30,251	\$ 27,277
	Lextar Electronics (Chuzhou) Corp.	7,873	6,926
	Others	<u>1,001</u>	<u>1,078</u>
		<u>\$ 39,125</u>	<u>\$ 35,281</u>

The sales between the Group and the related parties are processed per the terms and prices agreed upon by both parties and the payment terms are 90 to 120 days after the end of each month. No guarantee is received for the accounts receivable from related parties still outstanding. No loss allowance was provided for accounts receivable from related parties in 2023 and 2022.

(V) Payables to related parties (excluding loans from related parties)

Line Item	Category of related party/Name	December 31, 2023	March 31, 2022
Accounts payable - related parties	Substantive related party		
	Epistar Corporation	\$ 7,560	\$ 1,692
	best Epitaxy Manufacturing Co. Ltd.	<u>-</u>	<u>13</u>
		<u>\$ 7,560</u>	<u>\$ 1,705</u>

Other receivables - related parties	Substantive related party		
	Epistar Corporation	\$ <u> -</u>	\$ <u> 37</u>

The Group's purchase price from and processing contracted to related parties are handled in accordance with the general purchase terms; the payment period to related parties and non-related parties is implemented in accordance with the Company's payment policy.

No guarantee is provided for the balance of the outstanding accounts payable to related parties.

(VI) Transactions with other related parties

Line Item	Category of related party/Name	2023	2022
Operating expenses - miscellaneous expenses	Substantive related party		
	Epistar Corporation	\$ 88	\$ 467
	best Epitaxy Manufacturin g Co. Ltd.	38	-
	Unikorn Semiconducto r Corp.	<u> -</u>	<u> 197</u>
		\$ <u> 126</u>	\$ <u> 664</u>

(VII) The joint guarantor of the Group's borrowings and actual amount used is as follows:

Category of related party	2023	2022
Key management personnel	<u>\$145,759</u>	<u>\$ 72,411</u>

(VIII) Compensation of key management personnel

	2023	2022
Short-term employee benefits	\$ 23,357	\$ 25,740
Post-employment benefits	<u>452</u>	<u>526</u>
	<u>\$ 23,809</u>	<u>\$ 26,266</u>

The remuneration of directors and other key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

XXXIV. Pledged Assets

The following assets have been provided as collateral for financing loans and security for tariff of imported raw materials:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Trade receivable	\$ 9,404	\$ -
Restricted time deposits (accounted for in financial assets at amortized cost)	8,739	7,665
Restricted demand deposits (accounted for in financial assets)	7,017	1,003
Land	62,273	62,273
Buildings	<u>612,310</u>	<u>631,796</u>
	<u>\$699,743</u>	<u>\$702,737</u>

XXXV. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the Group's significant commitments as of the balance sheet date are as follows:

- (I) As of December 31, 2023 and 2022, the balance of unused letters of credit issued by the Group for imported raw materials and machinery and equipment was equivalent to NT\$5,603 thousand and NT\$10,006 thousand, respectively.
- (II) As of December 31, 2023, the total price of the uncompleted important equipment and engineering procurement contracts of the Group was equivalent to NT208,104 thousand; NT\$86,398 thousand had been paid, which was recognized in prepayments for equipment and unfinished construction, and the remaining NT\$121,706 thousand had not been paid.

XXXVI. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

<u>Foreign currency asset</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 16,279	30.71	\$ 499,847
CNY	47,842	4.33	207,013
JPY	908	0.22	197

<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	367	30.71	11,269
CNY	4,117	4.33	17,814
JPY	230,266	0.22	50,014

March 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 16,145	30.71	\$ 495,813
CNY	38,180	4.41	168,297
JPY	3,768	0.23	876
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	284	30.71	8,722
CNY	2,755	4.41	12,144
JPY	237,981	0.23	55,306
EUR	161	32.72	5,268

The amount of foreign currency exchange gains of the Group in 2023 and 2022 was NT\$10,091 thousand and NT\$95,848 thousand, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the entities of the Group, it is impossible to disclose the foreign currency exchange gains and losses based on each foreign currency of significance.

XXXVII. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Financing provided to others: (Table 1)
2. Marketable securities held (excluding investment in subsidiaries, associates, and joint venture equity): Table 2.
3. Marketable securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital: none.
4. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.
5. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.

6. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
7. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
8. Trading in derivative instruments: None.
9. Other: Significant transactions between the parent company and its subsidiaries: Table 6.
10. Information on investees: Table 3.

(III) Information on investments in Mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the Mainland China area: Table 4.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gains or losses: Table 5.
 - (1) The amount and percentage of purchase.
 - (2) The amount and percentage of sales.

(IV) Information on major shareholders: list of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 7.

38. Segments Information

Information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group's segments to be reported are as follows:

- (I) Compound semiconductor components
- (II) Si Component Operation Center

1. Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department:

	Segment Revenue		segment profit or loss	
	2023	2022	2023	2022
Compound semiconductor components	\$ 696,666	\$ 827,289	(\$ 24,923)	\$ 28,087
Si Component Operation Center	1,303,665	1,367,480	(106,318)	10,212
Others	<u>267,306</u>	<u>224,740</u>	(<u>11,984</u>)	(<u>862</u>)
Total revenue of continuing operations	<u>\$ 2,267,637</u>	<u>\$ 2,419,509</u>	(143,225)	37,437
Share of losses on associates using the equity method			(2,071)	21,065
Interest income			10,815	4,564
Net foreign exchange gains			10,091	95,848
Net gain and loss on financial assets and liabilities at FVTPL			(39,160)	(346,710)
Financial costs			(14,899)	(12,862)
Other income			<u>17,446</u>	<u>36,650</u>
Net income before tax			<u>(\$ 161,003)</u>	<u>(\$ 164,008)</u>

The segment revenue above is all generated from transactions with external customers. There were sales between segments in 2023 and 2022.

Segment profit refers to the profit earned by each segment, excluding share of profit or loss of affiliated companies using the equity method, interest income, net foreign currency exchange gain, net gain or loss of financial assets and liabilities measured at fair value through profit or loss, finance costs, and other income. This is the measure reported to the chief operating decision-maker for resource allocation and assessment of segment performance.

2. Segment assets and liabilities

Since the measured amount of assets and liabilities has not been provided to the operating decision makers, the undisclosed measured amount of assets and liabilities is zero.

(III) Income from main products and services

The income analysis of the main products and services of the Group is as follows:

	2023	2022
Compound semiconductor components	\$ 696,666	\$ 827,289
Si component	1,303,665	1,367,480
Others	<u>267,306</u>	<u>224,740</u>
	<u>\$ 2,267,637</u>	<u>\$ 2,419,509</u>

(IV) Segment by geographical location

The Group mainly operates in two regions: Taiwan and China.

The information on the Group's revenue of continuing operations from external customers based on operating location and non-current assets based on asset location is listed below:

	Revenue from external customers		non-current assets	
	2023	2022	December 31, 2023	March 31, 2022
Taiwan	\$ 2,267,637	\$ 2,419,509	\$ 1,908,349	\$ 1,842,512
China	<u>-</u>	<u>-</u>	<u>121,852</u>	<u>162,637</u>
	<u>\$ 2,267,637</u>	<u>\$ 2,419,509</u>	<u>\$ 2,030,201</u>	<u>\$ 2,005,149</u>

Non-current assets do not include financial instruments, investments using the equity method, guarantee deposits paid, and deferred income tax assets.

(V) Information on major customers

Single customers contributing at least 10% of the Group's total income are as follows:

	2023	2022
Customer A	\$400,191	\$428,283
Client B (Note)	198,894	266,586

Note: Client B did not contribute at least 10% of the Group's total revenue in 2023.

TYNTEK Corporation and Its Subsidiaries
Financing provided to others
January 1 to December 31, 2023

Table 1 Unit: NTD thousand

Serial No.	Lender	Borrower	Financial Statement Account	Related Party Status	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate (Note 3)	Category of Financing Provided	Business Transaction Amounts	Reasons for Necessity of Short-term Financing	Loss Allowance	Collateral		Limit of Financing to Individual Borrower (Note 1)	Total Limit of Financing Provided (Note 2)	Remarks
													Name	Value			
0	TYNTEK Corporation	Keeper Technology	Other receivables - related parties	Yes	\$ 20,000	\$ 10,000	\$ 8,000	2.155%~2.380%	Need for short-term financing	\$ -	Bank loan repayment and purchase of equipment	\$ -	—	\$ -	\$ 383,845	\$ 767,689	

Note 1: TYNTEK Corporation's limit of financing to individual borrowers does not exceed 10% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 2: TYNTEK Corporation's total limit of financing to borrowers does not exceed 20% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 3: TYNTEK Corporation's interest rate ranges of financing to others are based on the borrowing interest rate of financial institutions plus 5%.

TYNTEK Corporation and Its Subsidiaries
Marketable Securities Held at the End of Year
December 31, 2023

Table 2

Unit: in thousand of New Taiwan Dollars/Thousand Units/Thousand Shares

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Remarks
				Number of Shares/Units	Carrying amount	Percentage of Ownership	Market price	
TYNTEK Corporation	Unity Opto/stock/common stock	None	Financial assets at FVTPL - Current	264	\$ -	-	\$ -	Note 1
	First Commercial Bank/gold passbook	None	Financial assets at FVTPL - Current	-	15	-	15	
	Fittech Co., Ltd./stock/common stock	Investee with 0.37% of shares held	Financial assets at FVTPL - Current	275	18,368	0.37	18,368	
	Fujian Zhaoyuan Photoelectric Co., Ltd.	Investee with 4.28% of shares held	Financial assets at FVTPL - Non-current	-	-	4.28	-	
	Unity Opto/stock/common stock	None	Financial assets at FVTOCI - current	836	-	-	-	Note 1
	Chipwell Tech Corporation/stock/common stock	Investee with 1.84% of shares held	Financial assets at FVTOCI - non-current	494	8,827	1.84	8,827	
	Brightek Optoelectronic Co., Ltd./stock/common stock	Investee with 1.5% of shares held	Financial assets at FVTOCI - non-current	1,020	41,871	1.50	41,871	
	Long Benefit Investment Co., Ltd.							
	Hanpin Electron Co., Ltd./stock/common stock	None	Financial assets at FVTPL - Current	220	8,789	-	8,789	
	Elite Advanced Laser Corporation/stock/common stock	None	Financial assets at FVTPL - Current	70	4,361	-	4,361	
Long Benefit Investment Co., Ltd.	Fittech Co., Ltd./stock/common stock	Investee with 2.37% of shares held	Financial assets at FVTPL - Current	1,740	116,062	2.37	116,062	
	Chipwell Tech Corporation/stock/common stock	Investee with 0.76% of shares held	Financial assets at FVTOCI - non-current	204	4,322	0.76	4,322	
	Chipstar Tech Corporation/stock/common stock	Investee with 10.95% of shares held	Financial assets at FVTOCI - non-current	698	6,307	10.95	6,307	

Note 1: Because the public company Unity Opto Technology co., Ltd. (hereinafter referred to as Unity Opto) failed to publish its financial statements for 2019 within the specified time limit, it was sanctioned by the Taiwan Stock Exchange on April 1, 2020, and its stock was stopped to be traded starting from April 7, 2020. After prudent evaluation, the Group recognized all shares of Unity Opto held as financial asset valuation losses.

Note 2: Refer to Table 3 for the information on subsidiaries and associates.

TYNTEK Corporation and Its Subsidiaries
Information on Investees (excluding investees in mainland China)
January 1 to December 31, 2023

Table 3

Unit: In thousand of New Taiwan Dollars/Thousand Shares

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2020			Gains (losses) on investee	Gains (losses) on investment recognized by the Company	Remarks
				March 31, 2021	March 31, 2020	Shares	Percentage (%)	Carrying amount			
TYNTEK Corporation	TEK Holding Co., Ltd.	3RD FLOOR, YAMRAJ BUILDING, MARKET SQUARE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	Investment in various overseas businesses	\$ 258,290	\$ 258,290	6,700	100	\$ 241,990	(\$ 20,940)	(\$ 20,940)	
	Long Benefit Investment Co., Ltd.	No. 1387, Renai Road, Zhunan Township, Miaoli County	General investment	185,000	185,000	28,749	100	259,218	(27,632)	(27,632)	
	Hsinjing Holding Co., Ltd.	3F-1, No. 193, Fuxing 2nd Road, Zhubei City, Hsinchu County	General investment	591,378	591,378	17,794	22.79	160,826	(20,724)	(5,242)	
	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	5,000	5,000	200	2.08	2,369	13,853	288	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	30,000	30,000	2,033	19.02	18,003	(10,981)	(2,494)	
TEK Holding Co., Ltd.	Keyway International L.L.C.	3500 South Dupont Highway, Dover, Delaware 19901, U.S.A.	Investment in various overseas businesses	258,768	258,768	-	100	239,096	(20,947)	(20,947)	
Long Benefit Investment Co., Ltd.	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	25,228	25,228	2,000	20.81	23,703	13,853	2,883	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	48,977	48,977	3,871	36.21	34,272	(10,981)	(4,746)	

Keeper Technology	Global Unity Int'l Co., Ltd.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investment in various overseas businesses	32,376	32,376	1,000	100	-	337	337	
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road. Apia Samoa	Investment in various overseas businesses	32,376	32,376	1,000	100	-	337	337	

TYNTEK Corporation and Its Subsidiaries
Information on investments in Mainland China
January 1 to December 31, 2023

Table 4

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

I. Information on investments in mainland China:

- (I) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, gains or losses on investment, carrying amount of the investment and repatriations of investment income:

Name of Investee	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment Flows		Accumulated Investment Amount from Taiwan at End of Period	% Ownership of Direct or Indirect Investment	Gains (losses) on Investment	Carrying Amount of Investments at End of Period	The Repatriated Proceeds of Investments as of This Period
					Outward	Inward					
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	\$ 258,290 (US\$ 6,700,000)	Investment in China via a company set up in a third region	\$ 258,290 (US\$ 6,700,000)	\$ -	\$ -	\$ 258,290 (US\$ 6,700,000)	100%	(\$ 20,948)	\$ 239,076	\$ -
Fujian Zhaoyuan Photoelectric Co., Ltd.	Other light-emitting diode production and sales business	6,692,823 (CNY 1,437,000,000)	Direct investment in companies in China	468,652 (US\$8,565,000 and CNY 45,890 thousand)	-	-	468,652 (US\$8,565,000 and CNY45,890 thousand)	4.28% (Note 1)	-	-	-
Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing	-	Investment in China via a company set up in a third region	32,376 (US\$ \$1,000,000)	-	-	-	(Note 2)	-	-	-

Note 1: The Company failed to subscribe to shares arising from capital increase in the proportion of the ownership and disposed of a portion of its investment equity in the company in June 2018 and thus lost significant influence. Therefore, it was reclassified as financial assets measured at FVTPL.

Note 2: The liquidation of Kaishin Technology (Wuhan) Corporation was completed in February 2023.

- (II) Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment Amount Stipulated by Investment Commission, MOEA
\$742,324 (USD 15,749 thousand and CNY 45,890 thousand)	\$742,370 (USD 23,042 thousand)	\$2,303,068

TYNTEK Corporation and Its Subsidiaries

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly Through a Third Party and Their Prices, Payment Terms, Unrealized Gains Or Losses and Relevant Information
January 1 to December 31, 2023

Table 5

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

Name of Investee	Transaction Type	Amount	Transaction Terms			Accounts Receivable (Payable)		Unrealized Gains or Losses
			Price	Payment Term	Comparison with General Transaction	Balance	Percentage	
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Contract processing	\$ 83,552 (Processing expense)	Price negotiation	T/T	O/A with net 120 days	Processing expense payable \$ 14,856	7.09%	\$ -

TYNTEK Corporation and Its Subsidiaries
Significant Transactions Between the Parent Company and Its Subsidiaries
January 1 to December 31, 2023

Table 6

Unit: NTD thousand

Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with Counterparty (Note 2)	Transaction			
				Account	Amount (Note 4)	Transaction Terms	Percentage in Consolidated Total Revenue or Total Assets (Note 3)
0	TYNTEK Corporation	Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	1	Processing expense	\$ 83,552	The pricing of the contract processing expenses is not able to be compared with other manufacturers' OEM prices and conditions because the Group did not commission other manufacturers for contract processing.	3.68%
				Expenses payable	14,856	Same as general payment terms	0.28%
				Sale	8	The Company's selling prices to related parties are equivalent to those to general customers	-
				Trade receivable	96	Same as general payment collection terms	-
		Long Benefit Investment Co., Ltd. Keeper Technology	1	Other income	21	—	-
				Rent income	34	—	-
				Other receivables	8,016	—	0.15%
				Interest income	178	—	0.01%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

1. 0 - ITEQ (parent company).
2. The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: The transaction relationships are as follows. Please indicate the type:

- 1 Parent to subsidiary
- 2 Subsidiary to parent
- 3 Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset-liability account, it is calculated based on the ending balance as a percentage of the consolidated total assets; if it is a profit-loss account, it is calculated based on the accumulated amount throughout the year as a percentage of the consolidated total revenue.

Note 4: The transactions between the parent and subsidiaries have been eliminated when the consolidated financial statements are prepared.

TYNTEK Corporation
Information on main investors
December 31, 2023

Table 7

Name of major shareholder	Shares	
	Shares held (shares)	Shares Ratio
Ennostar Inc.	23,799,000	7.91%

Note: The information on major shareholders in this table is calculated by Taiwan Depository and Clearing Corporation on the last business day at the end of the quarter when the shareholders as a whole hold at least 5% of the ordinary shares and preference shares with the dematerialized registration and delivery (including treasury shares) completed. The share capital in the Company's consolidated financial statements and the actual number of shares with the dematerialized registration and delivery completed may differ due to different calculation bases.

Appendix 2

Independent Auditors' Review Report

To TYNTEK Corporation,

Audit opinion

We have reviewed the standalone balance sheet of TYNTEK Corporation (the “Company”) for the years ended December 31, 2023 and 2022 and the related standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies “(collectively referred to as the standalone financial statements)”.

In our opinion, based on our audit and the audit reports of other accountants (please refer to the "Miscellaneous" paragraph), the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its individual financial performance and its individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Parent-only Financial Statements". We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other CPAs, we are of the opinion 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 the most vital matters in our audit of the standalone financial statements of the Company for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the parent-only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the standalone financial statements of the Company for the year ended December 31, 2023 are stated as follows

Sales recognition

The Company's 2023 consolidated operating income was NT\$2,003,883 thousand. Please refer to Notes 4 and 25 to the consolidated financial statements for the accounting policy and information related to revenue recognition. The Company's operating income is mainly from the sale of optoelectronic products. As it has many sales clients at home and abroad, the sales, in which transactions increased compared to the prior year, the companies with significant growth amounts are listed as a key audit matter for the year.

The main audit procedures we performed for said matter are as follows:

1. Understand and test the effectiveness of the design and the implementation of the main internal control mechanism for the sales.
2. Select samples randomly to check the receipts and payment status related to the sales, and inquire the existence of the transaction counterparties to verify the actual occurrence of the sales, and check whether there is any anomaly existing in the sales counterparties and the payment recipients.

Other Matters

Some of the investees included in the standalone financial statements using the equity method have not been audited by us but by other CPAs. Therefore, in the opinion we expressed about the standalone financial statements, the above-mentioned investees using the equity method and its relevant shares of profit or loss are recognized according to the audit report by other CPAs. As of December 31, 2023 and 2022, the balance of investment in the aforementioned investees using the equity method was NT\$186,898 thousand and NT\$165,874 thousand, accounting for 3.68% and 3.17% of the total assets, respectively, and the share of profit or loss on associates recognized using the equity method for the year ended December 31, 2023 and 2022 was NT\$(2,071) thousand and NT\$16,455 thousand, accounting for 1.41% and (10.16)% of the net income before tax.

Responsibilities of the management and the governing body for the parent-only financial statements

The responsibilities of the management are to prepare the parent-only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial

Reports by Securities Issuers, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing body of the Company (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent-only financial statements

Our objectives are to obtain reasonable assurance on whether the parent-only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent-only financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent-only financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists

for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent-only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent-only financial statements (including relevant notes), and whether the parent-only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the standalone financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Company's standalone financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA: Su-Li Fang

CPA: Chen, Ming-Hui

The Financial Supervisory Commission
R.O.C. Approved No.
Jing-Guang-Zheng-Liu No. 0940161384

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zeng-VI No. 0930128050

February 21, 2024

TYNTEK Corporation
parent-only Balance Sheet
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

Code	Asset	December 31, 2023		March 31, 2022		Code	LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 6 and 30)	\$ 1,126,430	22	\$ 1,232,790	24	2100	Short-term borrowings (Notes 17 and 30)	\$ 28,210	1	\$ 54,629	1
1110	Financial assets at fair value through profit or loss - current (Note 7 and 30)	18,383	1	24,248	-	2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 30)	-	-	344	-
1136	Financial assets at amortized cost - current (Note 9, 30, and 32)	6,239	-	-	-	2150	Notes payable (Notes 18 and 30)	4	-	27	-
1150	Notes receivable, net (Notes 10 and 30)	334	-	615	-	2170	Accounts payable (Notes 18 and 30)	333,077	7	283,695	6
1170	Accounts receivable, net (Notes 10 and 30)	608,278	12	580,928	11	2180	Accounts payable to related parties (Notes 18, 30, and 31)	7,560	-	1,705	-
1180	Accounts receivable - related parties, net (Notes 10, 30, and 31)	39,221	1	35,296	1	2200	Other payables (Notes 19 and 30)	197,204	4	206,332	4
1200	Other receivables (Notes 10 and 30)	11,535	-	7,949	-	2230	Current tax liabilities (Note 25)	-	-	20,236	-
1210	Other receivables - related parties (Notes 10, 30, and 31)	8,016	-	8,014	-	2280	Lease liabilities - current (Notes 14 and 30)	3,222	-	2,872	-
1220	Current tax assets (Note 25)	952	-	-	-	2320	Current portion of long-term borrowings (Notes 17 and 30)	178,765	3	137,861	3
130X	Inventories (Note 11)	606,889	12	715,679	14	2313	Unearned revenue (Notes 19, 27, and 30)	9,746	-	11,375	-
1479	Other current assets (Note 16)	17,112	-	9,771	-	2399	Other current liabilities (Note 19)	10,806	-	10,390	-
11XX	Total current assets	<u>2,443,389</u>	<u>48</u>	<u>2,615,290</u>	<u>50</u>	21XX	Total current liabilities	<u>768,594</u>	<u>15</u>	<u>729,466</u>	<u>14</u>
	non-current assets						non-current liabilities				
1517	Financial assets at fair value through profit or loss - non-current (Note 8 and 30)	50,698	1	35,857	1	2540	Long-term borrowings (Notes 17 and 30)	344,917	7	420,814	8
1535	Financial assets at amortized cost - non-current (Notes 9, 30, and 32)	-	-	6,665	-	2550	Provisions - non-current (Note 20)	19,894	-	18,444	-
1550	Investments accounted for using equity method (Note 12)	682,406	14	741,050	14	2570	Deferred tax liabilities (Note 25)	525	-	2,655	-
1600	Property, plant and equipment (Notes 13, 32, and 33)	1,735,243	34	1,651,585	31	2580	Lease liabilities - non-current (Notes 14 and 30)	79,976	2	81,679	2
1755	Right-of-use assets (Note 14)	80,246	2	82,174	2	2630	Long-term deferred revenue (Notes 27 and 30)	694	-	846	-
1780	Intangible assets (Note 15)	12,334	-	6,708	-	2640	Defined benefit liability - non-current (Note 21)	15,063	-	18,862	-
1840	Deferred tax assets (Note 25)	47,675	1	35,469	1	2670	Other non-current liabilities (Note 19 and 30)	4,038	-	4,038	-
1915	Prepayments for equipment (Note 33)	17,446	-	60,488	1	25XX	Total non-current liabilities	<u>465,107</u>	<u>9</u>	<u>547,338</u>	<u>10</u>
1990	Other non-current assets (Note 16 and 30)	2,710	-	1,603	-	2XXX	Total liabilities	<u>1,233,701</u>	<u>24</u>	<u>1,276,804</u>	<u>24</u>
15XX	Total non-current assets	<u>2,628,758</u>	<u>52</u>	<u>2,621,599</u>	<u>50</u>		Equity (Note 22)				
						3110	Ordinary shares	<u>3,006,223</u>	<u>59</u>	<u>3,006,223</u>	<u>57</u>
						3200	Capital surplus	<u>245,261</u>	<u>5</u>	<u>243,873</u>	<u>5</u>
							Retained earnings				
						3310	Statutory reserves	286,048	6	286,048	6
						3320	Special reserves	46,381	1	37,523	1
						3350	undistributed earnings	<u>291,768</u>	<u>6</u>	<u>432,801</u>	<u>8</u>
						3300	Total retained earnings	<u>624,197</u>	<u>13</u>	<u>756,372</u>	<u>15</u>
						3400	Other equities	(<u>37,235</u>)	(<u>1</u>)	(<u>46,383</u>)	(<u>1</u>)
						3XXX	Total equity	<u>3,838,446</u>	<u>76</u>	<u>3,960,085</u>	<u>76</u>
1XXX	Total assets	<u>\$ 5,072,147</u>	<u>100</u>	<u>\$ 5,236,889</u>	<u>100</u>		TOTAL LIABILITIES AND EQUITY	<u>\$ 5,072,147</u>	<u>100</u>	<u>\$ 5,236,889</u>	<u>100</u>

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

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation
parent-only Statement of Comprehensive Income
For the Year Ended December 31, 2023 and 2022

Unit: NTD thousands; loss per share in NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 23 and 31)	\$ 2,003,883	100	\$ 2,203,396	100
5000	Operating cost (Notes 11, 24, and 31)	<u>1,803,730</u>	<u>90</u>	<u>1,869,095</u>	<u>85</u>
5900	Gross income from operations	<u>200,153</u>	<u>10</u>	<u>334,301</u>	<u>15</u>
	Operating expenses				
6100	Selling and marketing expenses (Notes 24)	32,848	2	32,127	1
6200	Administrative expenses (Notes 24)	147,078	7	131,412	6
6300	Research and development expense (Notes 24)	<u>121,711</u>	<u>6</u>	<u>114,102</u>	<u>5</u>
6000	Total operating expenses	<u>301,637</u>	<u>15</u>	<u>277,641</u>	<u>12</u>
6550	Other income and expenses, net (Note 24)	<u>520</u>	<u>-</u>	<u>452</u>	<u>-</u>
6900	Net operating (loss) profit	(<u>100,964</u>)	(<u>5</u>)	<u>57,112</u>	<u>3</u>
	Non-operating income and expense				
7100	Interest revenue (Note 24 and 31)	10,219	1	4,231	-
7010	Other income (Notes 24 and 31)	9,583	-	12,658	1
7020	Other gains or losses (Note 24)	1,730	-	(28,585)	(1)
7050	Financial costs (Note 24)	(11,848)	(1)	(10,955)	(1)
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method (Note 12)	(<u>56,020</u>)	(<u>3</u>)	(<u>196,440</u>)	(<u>9</u>)
7000	Total non-operating income and expenses	(<u>46,336</u>)	(<u>3</u>)	(<u>219,091</u>)	(<u>10</u>)

(Continued on next page)

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net loss before tax	(\$ 147,300)	(8)	(\$ 161,979)	(7)
7950	Income tax income (expense) (Note 25)	(15,346)	(1)	19,526	1
8200	Net loss of the current year	(131,954)	(7)	(181,505)	(8)
	Other comprehensive income (net amount)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 21)	(221)	-	8,030	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI (Note 22)	14,841	1	(29,815)	(1)
8336	Unrealized gains (losses) on equity instruments of subsidiaries, associates, and joint ventures at FVOCI accounted for using the equity method (Note 22)	1,069	-	(3,344)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	(2,968)	-	5,963	-
8360	Items that may be reclassified subsequently to profit or loss (Note 22):				
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method	(4,742)	-	4,060	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	948	-	(812)	-

8300	Other comprehensive income of the current year (net amount after tax)	<u>8,927</u>	<u>1</u>	(<u>15,918</u>)	(<u>1</u>)
8500	Total comprehensive income of the current year	(<u>\$ 123,027</u>)	(<u>6</u>)	(<u>\$ 197,423</u>)	(<u>9</u>)
	Loss per share (Note 26)				
9710	Basic	(<u>\$ 0.44</u>)		(<u>\$ 0.60</u>)	
9810	Diluted	(<u>\$ 0.44</u>)		(<u>\$ 0.60</u>)	

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

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting
Supervisor: Li,
Hsiao-Ping

TYNTEK Corporation
parent-only Statement of Changes in Equity
For the Year Ended December 31, 2023 and 2022

Unit: NTD thousand

Code		Share capital		Capital surplus	Retained earnings			Other items of equity		Total equity
		Shares (thousand)	Amount		Statutory reserves	Special reserve	Undistributed earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
A1	Balance at January 1, 2022	300,621	\$ 3,006,223	\$ 243,639	\$ 214,568	\$ 55,815	\$ 960,086	(\$ 22,851)	\$ 416	\$ 4,457,896
	Earning appropriation and distribution for 2021									
B1	Appropriated as statutory reserves	-	-	-	71,480	-	(71,480)	-	-	-
B3	Reversed special reserve	-	-	-	-	(18,292)	18,292	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	(300,622)	-	-	(300,622)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	234	-	-	-	-	-	234
D1	Net loss of 2022	-	-	-	-	-	(181,505)	-	-	(181,505)
D3	2022 other comprehensive income after tax	-	-	-	-	-	8,030	3,248	(27,196)	(15,918)
D5	2022 total comprehensive income	-	-	-	-	-	(173,475)	3,248	(27,196)	(197,423)
Z1	Balance at December 31, 2022	300,621	3,006,223	243,873	286,048	37,523	432,801	(19,603)	(26,780)	3,960,085
	Earning appropriation and distribution for 2022									
B17	Appropriated as special reserve	-	-	-	-	8,858	(8,858)	-	-	-
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	145	-	-	-	-	-	145
D1	Net loss of 2023	-	-	-	-	-	(131,954)	-	-	(131,954)
D3	2023 other comprehensive income after tax	-	-	-	-	-	(221)	(3,794)	12,942	8,927
D5	2023 total comprehensive income	-	-	-	-	-	(132,175)	(3,794)	12,942	(123,027)
M7	Changes in ownership interest of subsidiary	-	-	1,243	-	-	-	-	-	1,243
Z1	Balance at December 31, 2023	<u>300,621</u>	<u>\$ 3,006,223</u>	<u>\$ 245,261</u>	<u>\$ 286,048</u>	<u>\$ 46,381</u>	<u>\$ 291,768</u>	<u>(\$ 23,397)</u>	<u>(\$ 13,838)</u>	<u>\$ 3,838,446</u>

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

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation
parent-only Statement of Cash Flows
For the Year Ended December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net loss before tax of the current year	(\$ 147,300)	(\$ 161,979)
A20010	Adjustments for:		
A20100	Depreciation expense	255,806	230,834
A20200	Amortization expenses	2,376	1,323
A20400	Net loss on financial assets and liabilities at FVTPL	7,854	118,607
A20900	Financial costs	11,848	10,955
A21200	Interest income	(10,219)	(4,231)
A21300	Dividend revenue	(2,494)	(5,814)
A22400	Share of profit or loss of subsidiaries and associates accounted for using equity method	56,020	196,440
A23700	Losses on inventory valuation and obsolescence losses	-	27,880
A23800	Gain on recovery of inventory valuation and obsolescence loss	(6,217)	-
A22500	Gains on disposal of property, plant and equipment	(520)	(452)
A24100	Unrealized net losses (gains) on foreign currency exchange	5,308	(8,889)
A29900	Loss from disposal of subsidiary	24	-
A29900	Gains on lease modification	-	(1)
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	281	762
A31150	Accounts receivable - related parties	(44,911)	422,884
A31180	Other receivables (related parties)	(3,215)	2,725
A31200	Inventories	115,007	9,001
A31230	Pre-payments	(7,517)	581
A31240	Other current assets	176	(187)
A32130	Note payable	(23)	27
A32150	Accounts payable - related parties	56,032	(144,065)
A32180	Other payables	(14,073)	(49,866)
A32200	Provisions	1,450	1,637
A32230	Other current liabilities	416	(18,128)
A32240	Net defined benefit liability - non-current	(4,069)	(11,013)
A33000	Cash from operations	272,040	619,031
A33300	Interest paid	(11,967)	(10,208)
A33500	Income tax paid	(22,174)	(5,600)
AAAA	Net cash inflow from operating activities	<u>237,899</u>	<u>603,223</u>

(Continued on next page)

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Code		2023	2022
	Net cash flows of investing activities		
B00010	Acquisition of financial assets at FVTOCI	\$ -	(\$ 2,247)
B00040	Acquisition of financial assets at amortized cost	(6,239)	-
B00050	Disposal of financial assets at amortized cost	6,665	43,521
B00200	Disposal of financial assets at FVTPL	-	144,051
B01900	Disposal of long-term investments in equity using the equity method	-	3,186
B02400	Refunds for subsidiary's capital reduction	-	215,631
B02700	Acquisition of property, plant, and equipment	(330,910)	(124,148)
B02800	Proceeds from disposal of property, plant and equipment	520	2,232
B03700	Decrease in refundable deposits	-	7
B04500	Acquisition of intangible assets	(8,002)	(6,573)
B06500	Decrease in other financial assets	-	84
B07100	Decrease (increase) in pre-payments for equipment	43,042	(222,702)
B07500	Interest received	9,846	4,096
B07600	Dividends received	2,494	5,814
B09900	Collection of dividends from subsidiaries	364	50,198
B09900	Other investing activities	(<u>1,107</u>)	(<u>1,161</u>)
BBBB	Net cash inflow (outflow) from investing activities	(<u>283,327</u>)	<u>111,989</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	141,087	163,510
C00200	Decrease in short-term borrowings	(164,869)	(206,885)
C01600	Proceeds from long-term borrowings	111,560	55,060
C01700	Repayments of long-term borrowings	(148,334)	(135,475)
C03000	Decrease in guarantee deposits received	-	(2,058)
C04020	Repayment of the principal portion of leases	(2,915)	(3,152)
C04500	Cash dividends distributed	<u>-</u>	(<u>300,622</u>)
CCCC	Net cash outflows from financing activities	(<u>63,471</u>)	(<u>429,622</u>)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>2,539</u>	<u>6,975</u>
EEEE	Increase (decrease) in cash and equivalents	(106,360)	292,565
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>1,232,790</u>	<u>940,225</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 1,126,430</u>	<u>\$ 1,232,790</u>

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

Chairman: Chou Wen-Long

Manager: Lee Jung-Huan

Accounting Supervisor: Li,
Hsiao-Ping

TYNTEK Corporation
Notes to Standalone Financial Statements
For the Year Ended December 31, 2023 and 2022
(In thousand of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

TYNTEK Corporation (hereinafter referred to as the "Company") was incorporated on April 4, 1987 in accordance with the Company Act of R.O.C. The main businesses are research and development, manufacturing, and sales of relevant products, including gallium arsenide, infrared, light-emitting diodes, laser diodes, phototransistors, photodiodes, single crystal and epitaxy, crystal grains, optoelectronic systems, radio transmitters and other electrical devices that can generate radio radiant energy.

The Company's shares had been listed for trading in Taipei Exchange (TEPx) since November 1998 and were approved by the Securities and Futures Commission, Ministry of Finance (currently known as the Securities and Futures Bureau, Financial Supervisory Commission) to be listed on the Taiwan Stock Exchange for trading instead since September 2000.

The standalone financial statements of the Company are presented in the Company's functional currency, i.e. the New Taiwan dollar.

II. The Authorization of Financial Statements

The standalone financial statements were approved by the board of directors and authorized for issue on February 21, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Company's accounting policies.

(II) IFRSs endorsed by FSC that are applicable from 2024 onwards

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations of IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

Note 3: When this amendment is first applied, partial disclosure is exempted.

As of the publication date of the standalone financial statements, the Company has assessed that the above-mentioned standards and amendments to the interpretations will not have a significant influence on the Company’s financial position and financial performance.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Not yet specified
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17 (Initial Application of IFRS 17 and IFRS 9—Comparative Information)	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations of IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will

affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of the standalone financial statements, the Company is continuing to assess the impact of amendments to the aforementioned standards and interpretations on the Company's financial position and financial performance, and will disclose relevant impacts when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company adopted the equity method to account for its investments in subsidiaries and associates. In order to enable the amounts of the profit or loss for the year and other comprehensive income and equity for the year in the standalone financial statements to be the same as the ones attributable to the owners of the Company in its consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the investments accounted for using

the equity method, the share of profit or loss of subsidiaries, associates, and joint ventures using the equity method, the share of other comprehensive income of subsidiaries and associates using the equity method, as well as relevant equity items, as appropriate, in the standalone financial statements.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities realized within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign currency

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the standalone financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

If the Company disposes of the ownership interest of a foreign operation, or disposes of part of the equity of a foreign operation's subsidiary and loses control, or disposes of a foreign operation's joint agreement or associate, and the retained equity is a financial asset and is treated based on the accounting policies adopted for financial instruments, then all accumulated exchange differences related to the foreign operation will be reclassified to profit or loss.

If the partial disposal of a subsidiary of a foreign operation does not result in the loss of control, the accumulated exchange differences are included in the calculation of the equity transaction proportionally but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences will be reclassified to profit or loss according to the proportion of the disposal.

(V) Inventories

Inventories include merchandise, raw materials, work-in-progress, and finished goods. The value of inventories shall be determined based on the cost and net realizable value (NRV), whichever is lower. The comparison of the cost and NRV is based on individual items except for inventories of the same category. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other

comprehensive income of its subsidiaries. In addition, changes in the Company's other equity interest of its subsidiaries are recognized based on its ownership percentage.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of an investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term equity that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as current income.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in said subsidiary based on the fair value on the day when the control is lost. The fair value of the remaining investment and the difference between any disposal price and the carrying amount of the investment on the day when the control is lost are recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to said subsidiary are accounted

for on the same basis as the one adopted for the Company's direct disposal of the relevant assets or liabilities.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the standalone financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(VII) Investments in Associates

An associate is an entity over which the Company has significant influence and is not a subsidiary nor a joint venture.

The Company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in its share of the equity of associates based on the percentage of ownership.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Company's share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as profit or loss.

When an associate issues new shares, if the Company does not subscribe according to the ownership percentage, which causes the ownership percentage to change, and, thus, the net equity value of the investment increases or decreases, capital surplus - the changes in the net equity value of associates and joint ventures accounted for using the equity method and the investment accounted for using the equity method are adjusted for the increase or decrease. However, if the new shares is not subscribed to or acquired according to the ownership percentage, which results in a decrease in the ownership interests of the associate, the amount recognized in the other comprehensive income related to the associate is reclassified according to the percentage of the decrease, and the basis of the

accounting treatment adopted is the same as the basis that the associate must follow in the case of direct disposal of relevant assets or liabilities. Where the adjustment in the preceding paragraph shall be debited to the capital surplus, and the balance of the capital surplus generated by the investment under the equity method is insufficient, the difference is debited to the retained earnings.

When the Company's share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

The Company ceases to adopt the equity method on the day when its investment ceases to be an associate, and its retained equity in the original associate is measured at fair value. The differences between the fair value, the proceeds from the disposal, and the carrying amount of the investment on the day when the equity method ceases to be adopted are recognized in profit or loss. In addition, all amounts recognized in other comprehensive income related to said associate are accounted for on the same basis as the one adopted for the associate's direct disposal of the relevant assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company will continue to adopt the equity method without remeasuring the retained equity.

Profit or loss on upstream, downstream, and lateral transactions between the Company and its associates is recognized in the standalone financial statements only to the extent that it does not affect the Company's interests in the associates.

(VIII) Property, plant, and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated using the straight-line method over their useful lives. Each significant part is depreciated separately. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, while applying the effect of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(IX) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including the assets that meet the definition of investment property and the right-of-use assets). Investment property also includes land held, in which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Intangible asset

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Internally generated— research and development (R&D) expenditure

Research expenditure is recognized in expenses when incurred.

3. Acquired in a business combination

The intangible assets obtained in a business combination are recognized at the fair value on the acquisition date and recognized separately from goodwill, and subsequently measured in the same method for the intangible assets acquired separately.

4. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(XI) Impairment of assets related to property, plant and equipment, right-of-use assets, intangible assets, and assets related to contract costs

The Company assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is a sign that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, property, plant and equipment, and intangible assets related to customer contracts are first recognized as impairment in accordance with the inventory impairment regulations and the regulations above. Then, the carrying amount of the assets related to contract cost in excess of the expected amount of consideration received for the provision of the relevant goods or services less the direct relevant costs is recognized as an impairment loss. Subsequently, the carrying amount of the assets related to contract cost is included in the cash-generating unit to which they belong to perform impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash-generating unit, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the asset related to contract cost which was not recognized as impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the standalone balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial asset

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Company has not designated to measure at FVTOCI, and debt instruments that are not classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, and the gains or losses arising from remeasurement (not including any

dividends or interest generated by the financial asset) are recognized in other gains and losses. Please refer to Note 30 for the method of determining the fair value.

B. Financial assets at amortized cost

When the Company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, notes and accounts receivable measured at amortized cost, other receivables, other financial assets, guarantee deposits paid, and time deposits with the original maturity date of more than 3 months) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange differences are recognized in profit or loss.

Except for the following two cases, interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets refer to the fact that

when an issuer or debtor has experienced major financial difficulties or default, the debtor is likely to apply for bankruptcy or other financial restructuring, or the active market for the financial assets disappears due to financial difficulties.

Equivalent cash includes time deposits that are highly liquid, convertible into imprest cash at any time with little risk of value changes within 3 months from the date of acquisition, and is used to meet short-term cash commitments.

C. Investments in equity instruments measured at FVTOCI

The Company may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks

have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account. However, the loss allowance for investment in debt instruments measured at FVTOCI is recognized in other comprehensive income without a downward adjustment to the carrying amount.

(3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When the investment in debt instruments measured at FVTOCI is derecognized in its entirety, the difference between its carrying amount and the consideration received plus the sum of any accumulated gains or losses that have been recognized in other comprehensive income is recognized in profit or loss. When

derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

The Company's own equity instruments reclaimed are recognized and deducted under the equity, and its carrying amount is calculated based on the weighted average of the total amount of shares. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost in the effective interest method:

A. Financial liability at FVTPL

Financial liability at FVTPL, including held for trading.

Financial liabilities held for trading are measured at fair value; and any gain or loss on remeasurement (including any dividends or interest paid on the financial liability) is recognized in profit or loss. Please refer to Note 30 for the method of determining the fair value.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Derivatives

The derivative instruments signed by the Company include forward foreign exchange contracts to manage the exchange rate risk.

Derivatives are initially recognized at fair value when the derivative contract is entered, and are subsequently re-measured at fair value on the balance sheet date. The gains or losses generated from the subsequent

measurement are directly listed in profit or loss, and are designated as derivative instrument of effective hedging instruments, the timing of their recognition in profit or loss will depend on the nature of the hedging relationship. If the fair value of the derivative instrument is positive, it is listed as a financial asset; if negative, it is listed as a financial liability.

(XIII) Provisions

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

(XIV) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

If several contracts are signed with the same customer (or the customer's related party) almost at the same time, as the goods or services promised in these contracts are single performance obligations, the Company deals with the contracts separately.

1. Sales revenue

Sales revenue comes from the sales of products. As when a product reaches the transaction conditions signed with a customer, the customer already has the right to set the price and the way the product is used while bearing the main responsibility for resale and the risk of obsolescence, at which the Company recognizes such revenue and reclassifies it to accounts receivable after fulfilling the remaining obligations. Advance receipts from sales are recognized as contract liabilities before a product reaches the transaction conditions signed with a customer.

In the case of export of raw materials overseas for processing, the control of the ownership of the processed product has not been transferred, so the income is not recognized when said materials are exported.

(XV) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1. The Company as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

2. The Company as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for low value asset leases and short-term leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term, the expected payment under the residual value guarantee, the evaluation of the underlying asset purchase options, or the index or rate used to determine the lease payment over the lease term lead to changes in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss of the partial or full termination of the lease; the

remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the standalone balance sheets.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVII) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods, in which the Company recognizes in other income the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Company should purchase, construct, or otherwise acquire non-current assets are recognized as deferred income and reclassified to profit or loss during the useful life of said assets on a reasonable and systematic basis.

If government grants are used to compensate expenses or losses incurred, or are given to the Company for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which it can receive said grants.

For the government loan obtained by the Company with an interest rate lower than that in the market, the difference between the loan amount received and the fair value of the loan calculated at the prevailing market interest rate is recognized as a government grant.

(XVIII) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of post-employment benefits, but the relevant remeasurement is recognized in profit or loss.

(XIX) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Company determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via a resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, equipment purchase, research and development, as well as talent training expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments and equity are recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Company's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When developing significant accounting estimates, the Company takes into account climate change, relevant government policies and laws, Russia-Ukraine War and relevant international sanctions and their potential impacts on the economic environment, inflation, and fluctuation of market interest rates in the consideration for estimation of cash flows, growth rates, discount rates and profitability and other relevant critical accounting estimates. The management will continue to examine the estimates and basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Inventory impairment

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical and historical sales experience in similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and equivalents

	December 31, 2023	March 31, 2022
Cash on hand and petty cash	\$ 184	\$ 207
Check and demand (current) deposit	346,246	732,583
Cash equivalents (bank time deposits with original maturity date of less than 3 months)		
Time deposits	780,000	500,000
	<u>\$ 1,126,430</u>	<u>\$ 1,232,790</u>

The interest rate ranges of bank demand deposits and time deposits at the balance sheet date are as follows:

	December 31, 2023	March 31, 2022
Cash in banks	0.001%~1.450%	0.001%~1.050%

VII. Financial instruments at FVTPL

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- Domestic listed stocks	\$ 18,368	\$ 24,233
- Gold passbook	<u>15</u>	<u>15</u>
	<u>\$ 18,383</u>	<u>\$ 24,248</u>
<u>Financial liability - current</u>		
Financial assets designated as at FVTPL		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts		
(Note)	<u>\$ -</u>	<u>\$ 344</u>

Note: The unexpired forward foreign exchange contracts without hedge accounting applied on the balance sheet date are as follows:

March 31, 2022

	<u>Currency</u>	<u>Duration</u>	<u>Contract amount (NTD thousand)</u>
Sale of forward foreign exchange	USD: NTD	December 28, 2022 to January 5, 2023	USD 790
	USD: NTD	December 28, 2022 to January 19, 2023	USD 1,100
	USD: NTD	December 28, 2022 to February 3, 2023	USD 470
	USD: NTD	December 28, 2022 to February 6, 2023	USD 500
	USD: NTD	December 28, 2022 to February 21, 2023	USD 1,300
	USD: NTD	December 28, 2022 to March 6, 2023	USD 1,200
	USD: NTD	December 28, 2022 to March 20, 2023	USD 990
	USD: NTD	December 28, 2022 to March 30, 2023	USD 330

The Company's purpose of engaging in forward foreign exchange transactions is to hedge risks arising from foreign currency assets and liabilities due to exchange rate

fluctuations. As the forward foreign exchange contracts held by the Company do not meet the conditions for effective hedging, hedge accounting is not applicable.

VIII. Financial assets at FVTOCI

<u>Equity investment instruments</u>	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Stocks listed on TWSE/TPEX and emerging stock markets		
Brightek Optoelectronic Co., Ltd.	\$ 41,871	\$ 27,030
Unlisted stocks		
Chipwell Tech Corporation	<u>8,827</u>	<u>8,827</u>
	<u>\$ 50,698</u>	<u>\$ 35,857</u>

The Company has invested in the common stocks of the above-mentioned companies in accordance with medium and long-term strategic purposes, and expects to make profits through long-term investments. The management of the Company believes that if the short-term fair value fluctuations of these investments are recognized in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so it has elected to designate these investments as at FVTOCI.

IX. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Time deposits with original maturity date of more than 3 months - pledge	<u>\$ 6,239</u>	<u>\$ -</u>
<u>Non-current</u>		
Time deposits with original maturity date of more than 1 year - pledge	<u>\$ -</u>	<u>\$ 6,665</u>

As of December 31, 2023 and 2022, the interest rate range of the pledged time deposits with original maturity date of over one year was 1.565% and 1.325%-1.440%, respectively.

For information on pledged financial assets measured at amortized cost, please refer to Note 32.

X. Notes receivable, accounts receivable, and other receivables

<u>December 31, 2023</u>	<u>March 31, 2022</u>
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<u>Note receivable</u>		
From operations	\$ 334	\$ 615
<u>Trade receivable</u>		
At amortized cost		
Gross carrying amount	\$609,434	\$582,084
Less: Allowance for impairment loss	(1,156)	(1,156)
	608,278	580,928
Accounts receivable - related parties	39,221	35,296
	<u>\$647,499</u>	<u>\$616,224</u>
<u>Other receivables</u>		
Loans receivable - related parties	\$ 8,000	\$ 8,000
Other receivables - related parties	16	14
	<u>8,016</u>	<u>8,014</u>
Business tax refund receivable	8,806	5,595
Others	2,729	2,354
	<u>11,535</u>	<u>7,949</u>
	<u>\$ 19,551</u>	<u>\$ 15,963</u>

Notes and accounts receivable

The average credit period for customers is net 30 to 180 days after the account day. In addition to the loss allowance for individual customers' actual credit impairment loss, the Company refers to historical experience, considers individual customers' financial status, industries, competitive advantages, and prospects, and divides them into different risk groups and recognizes loss allowances for each group based on their expected loss rates. In addition, a 100% loss allowance is recognized for accounts receivable with an account opened for over 365 days and no other credit guarantee provided.

In order to reduce credit risk, the management of the Company is responsible for the determination of credit limit, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. With that, the management believes the Company's credit risk has been significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance for accounts receivable based on the lifetime ECLs.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, e.g., the counterparty is in

liquidation, the Company directly writes off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The aging analysis of notes and accounts receivable is as follows:

December 31, 2023

	<u>O/A 1–120 days</u>	<u>121–180 days</u>	<u>181–365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Gross carrying amount	\$ 520,898	\$ 127,452	\$ 79	\$ 560	\$ 648,989
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(517)</u>	<u>(79)</u>	<u>(560)</u>	<u>(1,156)</u>
Amortized cost	<u>\$ 520,898</u>	<u>\$ 126,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,833</u>

March 31, 2022

	<u>O/A 1–120 days</u>	<u>121–180 days</u>	<u>181–365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Gross carrying amount	\$ 505,768	\$ 109,742	\$ 2,391	\$ 94	\$ 617,995
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(1,062)</u>	<u>(94)</u>	<u>(1,156)</u>
Amortized cost	<u>\$ 505,768</u>	<u>\$ 109,742</u>	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ 616,839</u>

The information on the movements in the loss allowance for notes and accounts receivable is as follows:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 1,156	\$ 11,434
Less: Write-off in this year	<u>-</u>	<u>(10,278)</u>
Closing balance	<u>\$ 1,156</u>	<u>\$ 1,156</u>

XI. Inventories

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Finished goods	\$197,897	\$256,749
Work-in-progress	245,267	232,598
Raw materials	163,357	221,750
Products	<u>368</u>	<u>4,582</u>
	<u>\$606,889</u>	<u>\$715,679</u>

The inventory-related costs of sales in 2023 and 2022 were NT\$1,803,730 thousand and NT\$1,869,095 thousand, respectively.

The cost of sales for 2023 and 2022 included the gain on reversal of inventory decline and the loss on inventory decline, which were NT\$6,217 thousand and NT\$27,880 thousand, respectively; the losses on scrap of inventories were NT\$17,091 thousand and NT\$40,034 thousand, respectively.

XII. Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Investment in subsidiaries (I)	\$519,211	\$572,731
Investments in associates (II)	<u>163,195</u>	<u>168,319</u>
	<u>\$682,406</u>	<u>\$741,050</u>

(I) Investment in subsidiaries

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
TEK Holding Co., Ltd.	\$241,990	\$267,383
Long Benefit Investment Co., Ltd.	259,218	285,214
Keeper Technology	<u>29,539</u>	<u>31,670</u>
	530,747	584,267
Less: Accumulated impairment	(<u>11,536</u>)	(<u>11,536</u>)
	<u>\$519,211</u>	<u>\$572,731</u>

Percentage of ownership interests and voting rights

<u>Investee</u>	<u>December 31, 2023</u>	<u>March 31, 2022</u>
TEK Holding Co., Ltd.	100.00%	100.00%
Long Benefit Investment Co., Ltd.	100.00%	100.00%
Keeper Technology (Note 1)	19.02%	21.43%

Note 1: Keeper Technology increased capital by NTD 12,000 thousand cash in July 2023. However, the Group did not increase investment proportionally to its shareholding, resulting in a decrease in shareholding from 21.43% to 19.02%. The difference between the investment cost and the net equity value is shown in Note 28. Keeper Technology's cash capital increased by NT\$17,000 thousand in February 2024.

Please refer to Note 35 for the details of the investment in subsidiaries indirectly held by the Company.

(II) Investments in Associates

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Material associates		
Hsinjing Holding Co. Ltd. (Hsinjing)	\$160,826	\$165,874
Associates that are not individually material	<u>6,579</u>	<u>6,655</u>
	167,405	172,529
Less: Accumulated impairment	(<u>4,210</u>)	(<u>4,210</u>)
	<u>\$163,195</u>	<u>\$168,319</u>

1. Material associates

The Company's percentages of ownership interests and voting rights in associates at the balance sheet date are as follows:

Company name	Percentage of ownership and voting rights	
	December 31, 2023	March 31, 2022
Hsinjing (formerly known as Tynsolar)	22.79%	22.79%

Refer to Table 3 in Note 35. "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Company adopts the equity method to measure the above-mentioned associate. As for the investments using the equity method and the Company's share of profits or losses and other comprehensive income on such investments, associates that are not individually material are calculated based on financial statements that have not been audited by CPAs.

The Company's investment in Hsinjing using the equity method and its share of profit and loss and other comprehensive income of Hsinjing were recognized based on financial statements audited by other CPAs in 2023 and 2022. However, the management of the Company believes that the financial statements of the aforementioned investees, not audited by CPAs, will not have a material impact.

The information on Level 1 fair value of associate with open market quotes is as follows:

Company name	December 31, 2023	March 31, 2022
Hsinjing	<u>\$462,646</u>	<u>\$515,139</u>

The following aggregate financial information on the material associate in 2023 and 2022 is prepared on the basis of IFRSs and has already reflected the adjustments made when the equity method is adopted.

Hsinjing

	December 31, 2023	March 31, 2022
Current assets	\$ 23,183	\$ 20,275
non-current assets	1,155,168	1,170,903
Current liabilities	(2,662)	(2,500)
non-current liabilities	(<u>513,451</u>)	(<u>503,585</u>)
Equity	<u>\$ 662,238</u>	<u>\$ 685,093</u>
	<u>2023</u>	<u>2022</u>

Operating income	<u>\$ 30,000</u>	<u>\$ -</u>
Net income of the current year	(\$ 20,724)	\$ 72,201
Other comprehensive income	<u>215</u>	<u>50</u>
Total comprehensive income	<u>(\$ 20,509)</u>	<u>\$ 72,251</u>
Cash flows		
Operating activities	(\$ 3,843)	(\$ 19,829)
Investing activities	<u>(7,464)</u>	<u>(10,163)</u>
Net cash inflow (outflow)	<u>(\$ 11,307)</u>	<u>(\$ 29,992)</u>

2. Aggregate information on associates that are not individually material

	<u>2023</u>	<u>2022</u>
The Company's share of Net income of the continuing operations	<u>\$ 288</u>	<u>\$ 405</u>

Refer to Table 3 in Note 35 "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Company adopts the equity method to measure the above-mentioned associates that are not individually material, and its share of profits and losses and other comprehensive income is calculated based on financial statements that have not been audited by CPAs.

XIII. Property, plant, and equipment

(I) Assets for own use

	Self-owned land	Building	Equipment	Leased Improvements	Other Equipment	Unfinished construction and equipment to be checked and accepted	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 62,273	\$ 1,667,242	\$ 2,073,765	\$ 20,867	\$ 100,956	\$ -	\$ 3,925,103
Addition	-	39,565	29,321	-	11,049	256,039	335,974
Disposal	-	(173)	(48,217)	-	(1,664)	-	(50,054)
Reclassification	-	40,102	51,739	-	40,504	(132,345)	-
Balance at December 31, 2023	<u>\$ 62,273</u>	<u>\$ 1,746,736</u>	<u>\$ 2,106,608</u>	<u>\$ 20,867</u>	<u>\$ 150,845</u>	<u>\$ 123,694</u>	<u>\$ 4,211,023</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 538,457	\$ 1,639,190	\$ 20,821	\$ 75,050	\$ -	\$ 2,273,518
Depreciation expense	-	103,033	138,564	18	10,701	-	252,316
Disposal	-	(173)	(48,217)	-	(1,664)	-	(50,054)

Balance at December 31, 2023	\$ -	\$ 641,317	\$ 1,729,537	\$ 20,839	\$ 84,087	\$ -	\$ 2,475,780
Net amount at December 31, 2023	\$ 62,273	\$ 1,105,419	\$ 377,071	\$ 28	\$ 66,758	\$ 123,694	\$ 1,735,243
<u>Cost</u>							
Balance at January 1, 2022	\$ 62,273	\$ 1,492,778	\$ 1,884,807	\$ 20,867	\$ 89,085	\$ -	\$ 3,549,810
Addition	-	54,206	62,187	-	11,453	-	127,846
Disposal	-	-	(8,781)	-	(277)	-	(9,058)
Reclassification	-	120,258	135,552	-	695	-	256,505
Balance at December 31, 2022	\$ 62,273	\$ 1,667,242	\$ 2,073,765	\$ 20,867	\$ 100,956	\$ -	\$ 3,925,103
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 449,871	\$ 1,518,070	\$ 20,802	\$ 66,749	\$ -	\$ 2,055,492
Depreciation expense	-	88,586	129,901	19	8,578	-	227,084
Disposal	-	-	(8,781)	-	(277)	-	(9,058)
Balance at December 31, 2022	\$ -	\$ 538,457	\$ 1,639,190	\$ 20,821	\$ 75,050	\$ -	\$ 2,273,518
Net amount at December 31, 2022	\$ 62,273	\$ 1,128,785	\$ 434,575	\$ 46	\$ 25,906	\$ -	\$ 1,651,585

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Building	
Main buildings	15 to 55 years
Electromechanical powerequipment	8 to 10 years
Engineering systems	1.5 to 15 years
Equipment	1 to 20 years
Leased Improvements	9 to 15 years
Other Equipment	1 to 17 years

Please refer to Note 32 for the amount of property, plant and equipment pledged for loans.

XIV. Lease arrangements

(I) right-of-use asset

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Right-of-use assets amounts		
Land	\$ 78,590	\$ 81,699
Transport Equipment	1,518	-
Other Equipment	138	475
	<u>\$ 80,246</u>	<u>\$ 82,174</u>
	<u>2023</u>	<u>2022</u>
The additions of the right-of-use assets	\$ 1,562	\$ 2,267
Depreciation charge for right-of-use assets		
Land	\$ 3,109	\$ 3,107

Transport Equipment	44	106
Other Equipment	<u>337</u>	<u>537</u>
	<u>\$ 3,490</u>	<u>\$ 3,750</u>

Except for the additions and depreciation listed above, the Company did not have significant subleases and impairment during the twelve months ended December 31, 2023 and 2022.

(II) lease liabilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Lease liabilities amounts		
Current	<u>\$ 3,222</u>	<u>\$ 2,872</u>
Non-current	<u>\$ 79,976</u>	<u>\$ 81,679</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Land	1.41%~1.80%	1.41%~1.80%
Transport Equipment	1.88%	-
Other Equipment	1.80%	1.79%~1.80%

(III) Material lease-in activities and terms

The Company has leased land and built buildings for offices. The lease term is 37 years. Upon the termination of the lease term, the Company does not have preferential rights to acquire the land and buildings leased, and it is agreed that the Company shall not lease, sublease, or transfer all (including the right to use the parking space) or part of the asset leased, or in other methods in disguise, to third parties without the consent of the lessor.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term lease expense	<u>\$ 128</u>	<u>\$ 277</u>
Total cash outflow for leases	<u>(\$ 4,535)</u>	<u>(\$ 4,956)</u>

XV. Intangible asset

	<u>Computer software</u>	<u>Other intangible assets</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 41,977	\$ 1,492	\$ 43,469
Acquired separately	<u>8,001</u>	<u>-</u>	<u>8,001</u>
Balance at December 31, 2023	<u>\$ 49,978</u>	<u>\$ 1,492</u>	<u>\$ 51,470</u>

Accumulated amortization

Balance at January 1, 2023	\$ 36,261	\$ 500	\$ 36,761
Amortization expenses	<u>2,290</u>	<u>85</u>	<u>2,375</u>
Balance at December 31, 2023	<u>\$ 38,551</u>	<u>\$ 585</u>	<u>\$ 39,136</u>
Net amount at December 31, 2023	<u>\$ 11,427</u>	<u>\$ 907</u>	<u>\$ 12,334</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 35,404	\$ 1,492	\$ 36,896
Acquired separately	<u>6,573</u>	<u>-</u>	<u>6,573</u>
Balance at December 31, 2022	<u>\$ 41,977</u>	<u>\$ 1,492</u>	<u>\$ 43,469</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 35,023	\$ 415	\$ 35,438
Amortization expenses	<u>1,238</u>	<u>85</u>	<u>1,323</u>
Balance at December 31, 2022	<u>\$ 36,261</u>	<u>\$ 500</u>	<u>\$ 36,761</u>
Net amount at December 31, 2022	<u>\$ 5,716</u>	<u>\$ 992</u>	<u>\$ 6,708</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Amortization expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Computer software	1 to 6 years
Other intangible assets	16 to 18 years

XVI. Other assets

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Pre-payments	\$ 9,259	\$ 6,543
Input VAT	7,820	3,019
Others	<u>33</u>	<u>209</u>
	<u>\$ 17,112</u>	<u>\$ 9,771</u>
<u>Non-current</u>		
Long-term prepayments	\$ 2,417	\$ 1,310
Refundable deposits	<u>293</u>	<u>293</u>
	<u>\$ 2,710</u>	<u>\$ 1,603</u>

XVII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Unsecured borrowings</u>		

Credit borrowings and borrowings for purchase of materials	<u>\$ 28,210</u>	<u>\$ 54,629</u>
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The interest rates of bank borrowings were 0.92%-1.38% and 0.90%-1.62% as of December 31, 2023 and 2022, respectively.

Please refer to Note 32 for details of pledge and security for borrowings.

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Secured borrowings</u>		
Loan project for return to Taiwan for investment (1)	\$223,455	\$152,215
Bank loan (2)	291,667	391,667
<u>Unsecured borrowings</u>		
Loan project for return to Taiwan for investment (1)	10,250	16,400
Less: Current portion Government grant discount (1)	(178,765)	(137,861)
	(<u>1,690</u>)	(<u>1,607</u>)
Long-term borrowings	<u>\$344,917</u>	<u>\$420,814</u>

1. The loan project for return to Taiwan for investment is based on the program of "Loan for Welcoming Overseas Taiwanese Businesspeople to Return to Taiwan for Investment" launched by the National Development Fund, Executive Yuan. Since March 2020, the Company has successively taken out medium-term bank loans from domestic banks with maturity dates between October 14, 2024 and February 15, 2027, and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rate ranges of bank borrowings were 1.200%-1.500% as at December 31, 2023 and 1.075%-1.375% as at December 31, 2022.
2. The bank loan is a loan of NT\$500,000,000 taken out by the Company on November 8, 2021. The loan term ends on November 8, 2026. The purpose of the loan is to repay the balance of the 2017 syndicated loan. The principal and interest are amortized on a monthly basis, and the bank borrowing interest rates were 1.880% and 1.655% as at December 31, 2023 and 2022.

Please refer to Note 32 for details of pledge and security for borrowings.

XVIII. Note payable and accounts payable

<u>December 31, 2023</u>	<u>March 31, 2022</u>
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<u>Note payable</u>		
From operations	\$ 4	\$ 27

<u>Accounts payable</u>		
From operations - non-related parties	\$333,077	\$283,695
From operations - related parties	7,560	1,705
	<u>\$340,637</u>	<u>\$285,400</u>

XIX. Other liabilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Current</u>		
Other payables		
Wages, salaries, and bonuses payable	\$ 76,999	\$ 72,553
Expenses payable	27,884	32,449
Equipment payment payable	23,286	18,222
Employee remuneration payable	21,239	42,180
Processing expense payable	21,133	15,525
Labor and health insurance premium and pension payable	13,535	12,789
Others	13,128	12,614
	<u>\$197,204</u>	<u>\$206,332</u>
Unearned revenue		
Government grants (Note 27)	\$ 9,746	\$ 11,375
Other current liabilities		
Refund liabilities	\$ 5,661	\$ 6,652
Payments on behalf of others	4,595	3,424
Temporary receipts	550	314
	<u>\$ 10,806</u>	<u>\$ 10,390</u>
<u>Non-current</u>		
Other liabilities		
Deferred credits- unrealized gross profit from the sale of long-term investment	\$ 3,834	\$ 3,834
Guarantee deposits received	204	204
	<u>\$ 4,038</u>	<u>\$ 4,038</u>

XX. Provisions

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Non-current</u>		
Employee benefits (Note)	\$ 19,894	\$ 18,444

	<u>Employee benefits</u>
Balance at January 1, 2023	\$ 18,444
Increase for the current year	3,022
Used in the current year	(<u>1,572</u>)
Balance at December 31, 2023	<u>\$ 19,894</u>
Balance at January 1, 2022	\$ 16,807
Increase for the current year	3,799
Used in the current year	(<u>2,162</u>)
Balance at December 31, 2022	<u>\$ 18,444</u>

Note: Provision for employee benefits liability is the estimate of employee long-term service bonuses (medals).

XXI. Post-employment benefit plans

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is the defined benefit plan under the management of the government of R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount, which equals to 2% of each employee's total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contribute an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment management strategy.

The amounts included in the standalone balance sheets in respect of the Company's defined benefit plan are as follows:

<u>December 31, 2023</u>	<u>March 31, 2022</u>
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Present value of defined benefit obligation	\$ 89,008	\$ 91,213
Fair value of plan assets	(73,945)	(72,351)
Net defined benefit liability	<u>\$ 15,063</u>	<u>\$ 18,862</u>

The changes in net defined benefit liability:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
From January 1, 2022	<u>\$ 103,556</u>	<u>(\$ 65,651)</u>	<u>\$ 37,905</u>
servicing costs			
Service cost for the current year	599	-	599
Interest expense (income)	<u>689</u>	<u>(474)</u>	<u>215</u>
Recognized in loss (profit)	<u>1,288</u>	<u>(474)</u>	<u>814</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(4,227)	(4,227)
Actuarial losses			
- Changes in financial assumptions	(3,895)	-	(3,895)
- Experience adjustments	<u>92</u>	<u>-</u>	<u>92</u>
Recognized in other comprehensive income	<u>(3,803)</u>	<u>(4,227)</u>	<u>(8,030)</u>
Contributions from the employer	<u>-</u>	<u>(11,827)</u>	<u>(11,827)</u>
Benefits paid	<u>(9,828)</u>	<u>9,828</u>	<u>-</u>
March 31, 2022	<u>91,213</u>	<u>(72,351)</u>	<u>18,862</u>
servicing costs			
Service cost for the current year	356	-	356
Interest expense (income)	<u>1,136</u>	<u>(917)</u>	<u>219</u>
Recognized in loss (profit)	<u>1,492</u>	<u>(917)</u>	<u>575</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(620)	(620)
Actuarial losses			
- Changes in financial assumptions	579	-	579
- Experience adjustments	<u>311</u>	<u>-</u>	<u>311</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Recognized in other comprehensive income	<u>890</u>	(<u>620</u>)	<u>270</u>
Contributions from the employer	<u>-</u>	(<u>4,644</u>)	(<u>4,644</u>)
Benefits paid	(<u>4,587</u>)	<u>4,587</u>	<u>-</u>
December 31, 2023	<u>\$ 89,008</u>	(<u>\$ 73,945</u>)	<u>\$ 15,063</u>

Due to the pension plans under the Labor Standards Act, the Company is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.
2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Discount rate	1.20%	1.30%
Salary adjustment rate	2.50%	2.50%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Discount rate		
0.25% increase	(\$ 1,424)	(\$ 1,551)
0.25% decrease	<u>\$ 1,469</u>	<u>\$ 1,642</u>
Salary adjustment rate		
0.5% increase	<u>\$ 2,822</u>	<u>\$ 3,192</u>
0.5% decrease	(<u>\$ 2,688</u>)	(<u>\$ 3,010</u>)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above

may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
The expected contributions to the plan for the following year	<u>\$ 3,970</u>	<u>\$ 3,980</u>
The weighted average duration of the defined benefit obligation	8.9 years	9.6 years

XXII. Equity

(I) Ordinary shares

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Authorized shares (in thousand)	<u>700,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 7,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousand)	<u>300,621</u>	<u>300,621</u>
Issued capital	<u>\$ 3,006,223</u>	<u>\$ 3,006,223</u>

The ordinary shares issued, with a par value of NT\$10 per share, are entitled to one voting right per share and to the right to receive dividends.

The Company's authorized capital was increased from NT\$5,000,000 thousand to NT\$7,000,000 thousand according to the approval of the shareholders' meeting through resolution on June 15, 2010, and the authorized capital change registration was completed on June 9, 2023. Said change of authorization capital registration has been approved by the competent authority on file.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Shares premium from issuance	\$ 6	\$ 6
Premium of corporate bond conversion	28,983	28,983
The difference between the equity price and the book value of acquisition or disposal of subsidiary	(3,064)	(3,064)
<u>May be used to offset a deficit only</u>		
Changes in the net equity of subsidiaries and associates accounted for using equity method (2)	83,622	82,234
Treasury stock transactions	37,403	37,403
Expired employees share options	16,410	16,410
Others (Note)	<u>81,901</u>	<u>81,901</u>
	<u>\$245,261</u>	<u>\$243,873</u>

Note: Reclassified from the difference in the repurchase of the convertible corporate bonds.

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and only once a year).
2. This type of capital surplus is the effect of equity transactions recognized due to changes in the Company's equity or the adjustment to the capital surplus of the subsidiary accounted for using the equity method by the Company when the Company has not actually acquired or disposed of the equity of the subsidiary.

The changes in capital surplus for the current period are as follows:

	Changes in the net equity of subsidiaries and associates accounted for using the equity method
Balance at January 1, 2023	<u>\$ 82,234</u>
Adjustment to the capital surplus of associates accounted for using the equity method	145
Changes in ownership interests of subsidiaries recognized	<u>1,243</u>
Balance at December 31, 2023	<u><u>\$ 83,622</u></u>
Balance at January 1, 2022	\$ 82,000
Adjustment to the capital surplus of associates accounted for using the equity method	<u>234</u>
Balance at December 31, 2022	<u><u>\$ 82,234</u></u>

(III) Retained earnings and dividends policy

Per the Company's Articles of Incorporation regarding the earnings distribution policy, the Company's earnings distribution or loss compensation shall be proposed by the board of directors after the end of each semi-annual fiscal period. In the case of issuance of new shares, it shall be submitted to the shareholders' meeting for a resolution. Any cash distribution of dividends, profits, legal reserves or capital surplus, either in whole or in part, must be resolved in a board meeting with more than two-thirds of the board members present, voted in favor by more than half of the attending directors and reported in the upcoming shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation, if there is a surplus as per the annual financial statements, the

Company shall pay all taxes in accordance with the law and compensate the cumulative deficit first, and then allocate 10% as a legal reserve in accordance with the law unless it has reached the same amount of the Company's paid-in capital. Where there is any remaining balance, the Company shall allocate amount as or reverse the special reserve according to laws and regulations. If there is still any balance left, together with the cumulative undistributed earnings, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting to resolve the distribution of shareholders' dividends. For information on the policy of the employee compensation and remuneration of directors and supervisors as in the Company's Articles of Incorporation, refer to Note 24(8) regarding employee compensation and remuneration of directors.

In addition, according to the Company's Articles of Incorporation, the Company adopts a dividend policy that allows the board of directors to propose dividends after taking into consideration its future capital requirements, long-term financial plans, and shareholders' needs for cash inflow. Profit sharing to shareholders can be paid in cash or shares, provided that the cash portion does not amount to less than 10% of total profit sharing.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When the Company provides the special reserve for the net amount of other equity deduction accumulated in the previous period, if the undistributed earnings in the previous period is not sufficient for provision, sum of the net profit after tax of the period plus the items other than the net profit after tax included in the undistributed earnings of the same period, will be provided from.

The earnings distribution proposals for 2022 and 2021 were approved by the general shareholders' meetings held on May 29, 2023 and June 8, 2022, respectively, and the earnings distribution proposals were as follows:

	<u>2022</u>	<u>2021</u>
Appropriated as statutory reserves	<u>\$ -</u>	<u>\$ 71,480</u>
Appropriated as (reversed) special reserve	<u>\$ 8,858</u>	<u>(\$ 18,292)</u>

	2022	2021
Cash dividends	<u>\$ -</u>	<u>\$300,622</u>
Cash dividend per share (NTD)	<u>\$ -</u>	<u>\$ 1.00</u>

The Company had a deficit to be compensated for 2022, such that the board of directors resolved a decision not to distribute dividends on February 22, 2023, and resolved a decision to distribute the 2021 cash dividends on February 22, 2022. The remaining earnings distribution items for 2021 have been resolved by the general shareholders' meeting on May 29, 2023 and June 8, 2022, respectively.

The 2023 earnings distribution proposal approved by the Company's board of directors on February 21, 2024 is as follows:

	2023
Reversed special reserve	<u>(\$ 8,858)</u>
Cash dividends	<u>\$ 60,124</u>
Cash dividend per share (NTD)	<u>\$ 0.2</u>

The above cash dividends distribution proposal has been approved by the board of directors, and the rest is pending a resolution by the annual general shareholders' meeting scheduled to be held on May 30, 2024.

(IV) Special reserves

	2023	2022
Opening balance	<u>\$ 37,523</u>	<u>\$ 55,815</u>
Appropriated as special reserve		
Amount debited to other equity items	8,858	-
Reversed special reserve		
Other equity items debited to the amount reversed	<u>-</u>	<u>(18,292)</u>
Closing balance	<u>\$ 46,381</u>	<u>\$ 37,523</u>

(V) Other items of equity

1. Exchange Differences in Translating the Financial Statements of Foreign Operations

	2023	2022
Opening balance	<u>(\$ 19,603)</u>	<u>(\$ 22,851)</u>
Incurred in the current year		
Share of subsidiaries and associates accounted for using equity method	(4,742)	4,060
Relevant income taxes	<u>948</u>	<u>(812)</u>
Closing balance	<u>(\$ 23,397)</u>	<u>(\$ 19,603)</u>

2. Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income

	2023	2022
Opening balance	<u>(\$ 26,780)</u>	<u>\$ 416</u>
Incurred in the current year through other comprehensive income	14,841	(29,815)
Share of subsidiaries accounted for using equity method	1,069	(3,344)
Relevant income taxes	<u>(2,968)</u>	<u>5,963</u>
Other comprehensive income for the current year	<u>12,942</u>	<u>(27,196)</u>
Closing balance	<u>(\$ 13,838)</u>	<u>(\$ 26,780)</u>

XXIII. Revenue

	2023	2022
Sales revenue	<u>\$ 2,003,883</u>	<u>\$ 2,203,396</u>

Disaggregation of revenue from product contract revenue

	2023	2022
<u>Sales revenue is broken down by main products</u>		
Si component	\$ 1,303,665	\$ 1,367,480
Compound semiconductor components	696,666	827,289
Others	<u>3,552</u>	<u>8,627</u>
	<u>\$ 2,003,883</u>	<u>\$ 2,203,396</u>

(I) Contract balance

	December 31, 2023	March 31, 2022	From January 1, 2022
Accounts receivable (Note 10)	<u>\$ 647,499</u>	<u>\$ 616,224</u>	<u>\$ 1,040,975</u>

XXIV. Net income (loss) of the continuing operations for the period

Net income (loss) for the period is from the following items:

(I) Net amount of other gains (losses)

	2023	2022
Gains on disposal of property, plant and equipment	<u>\$ 520</u>	<u>\$ 452</u>

(II) Interest income

	2023	2022
Cash in banks	\$ 9,694	\$ 3,914
Financial assets at amortized cost	347	149
imputed interest on financing	178	168
	<u>\$ 10,219</u>	<u>\$ 4,231</u>

(III) Other income

	2023	2022
Subsidy income	\$ 3,729	\$ 2,288
Dividend revenue	2,494	5,814
Rent income	720	720
Others	2,640	3,836
	<u>\$ 9,583</u>	<u>\$ 12,658</u>

(IV) Other gains or losses

	2023	2022
Net foreign exchange gains	\$ 9,867	\$ 94,283
Loss from disposal of subsidiary	(24)	-
Net losses on financial assets at FVTPL	(7,855)	(118,607)
Miscellaneous expenditure	(258)	(4,261)
	<u>\$ 1,730</u>	<u>(\$ 28,585)</u>

(V) Financial costs

	2023	2022
Interest on bank loans	\$ 10,356	\$ 9,428
Interest on lease liabilities	1,492	1,527
	<u>\$ 11,848</u>	<u>\$ 10,955</u>

(VI) Depreciation and amortization

	2023	2022
Property, plant, and equipment	\$252,316	\$227,084
right-of-use asset	3,490	3,750
Intangible asset	2,376	1,323
Total	<u>\$258,182</u>	<u>\$232,157</u>
An analysis of depreciation by function		
Operating costs	\$226,594	\$201,623
Operating expenses	29,212	29,211
	<u>\$255,806</u>	<u>\$230,834</u>

An analysis of amortization by function

Operating costs	\$ 9	\$ 9
Operating expenses	<u>2,367</u>	<u>1,314</u>
	<u>\$ 2,376</u>	<u>\$ 1,323</u>

(VII) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$490,870	\$485,458
Long-term employee benefits	3,022	3,799
Post-employment benefits (Note 21)		
Defined contribution plans	17,764	18,362
Defined benefit plan	<u>575</u>	<u>814</u>
Total employee benefits expense	<u>\$512,231</u>	<u>\$508,433</u>
An analysis by function		
Operating costs	\$344,083	\$361,010
Operating expenses	<u>168,148</u>	<u>147,423</u>
	<u>\$512,231</u>	<u>\$508,433</u>

(VIII) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate that the employees' compensation and remuneration of directors shall be appropriated at the rates from 5%–15% and no higher than 5%, respectively, of the net income before taxes and net of employees' compensation and remuneration of directors. However, the net loss before tax is made in 2023 and 2022, and thus the employees' remuneration and directors' remuneration are not estimated.

The employees' remuneration and directors' remuneration for 2021 was resolved by the board of directors on February 22, 2022 as below:

Amount

	<u>2021</u>	
	<u>Cash</u>	<u>Stocks</u>
Employee compensation	\$ 61,702	\$ -
Directors' remuneration	11,580	-

If there is a change in the proposed amounts after the annual standalone financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

There is no difference between the actual amounts of 2021 employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2021.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(IX) Foreign exchange gains or losses

	2023	2022
Foreign exchange gains	\$ 93,440	\$191,398
Total foreign exchange losses	(83,573)	(97,115)
Net profit or loss	<u>\$ 9,867</u>	<u>\$ 94,283</u>

XXV. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense (income) were as follows:

	2023	2022
Tax currently payable		
Incurred in the current year	\$ -	\$ 16,614
Levied on unappropriated earnings	-	3,967
Prior years adjustment	<u>1,010</u>	(39,354)
	1,010	(18,773)
Deferred tax		
Incurred in the current year	(16,356)	<u>38,299</u>
Income tax (benefit) expense recognized in profit or loss	(<u>15,346</u>)	<u>\$ 19,526</u>

The adjustment to accounting income and income tax (profit) expenses is as follows:

	2023	2022
Net loss before tax of the current year	(<u>\$147,300</u>)	(<u>\$161,979</u>)
Income tax expense calculated based on statutory tax rate for net income (loss) before tax	(\$ 29,460)	(\$ 32,396)
Permanent difference	(21,589)	57,149
Levied on unappropriated earnings	-	3,967
Loss credit and temporary difference	34,693	34,127
Adjustments to income tax expenses of prior years	<u>1,010</u>	(39,354)
Income tax (benefit) expense recognized in profit or loss	(<u>15,346</u>)	<u>\$ 19,526</u>

(II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred tax</u>		
Incurring in the current year		
- Translation of foreign operations	\$ 948	(\$ 812)
- Unrealized gain (loss) on financial assets at FVTOC	(2,968)	5,963
Income tax recognized in other comprehensive income	(\$ 2,020)	\$ 5,151

(III) Current tax assets and liabilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Current tax assets		
Tax refund receivable	\$ 952	\$ -
Current tax liabilities		
Income tax payable	\$ -	\$ 20,236

(IV) Deferred tax assets and liabilities

The changes in the deferred tax assets and liabilities are as follows:

2023

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 28,313	(\$ 1,241)	\$ -	\$ 27,072
Financial assets at FVTOCI	(2,407)	-	(2,968)	(5,375)

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	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Provisions	\$ 3,689	\$ 290	\$ -	\$ 3,979
Refund liabilities	2,618	(1,486)	-	1,132
Defined benefit pension plan	(762)	(814)	-	(1,576)
Property, plant, and equipment	1,363	(9)	-	1,354
Associate	(2,244)	4,189	-	1,945
Exchange differences on translating the financial statements of foreign operations	4,899	-	948	5,847
Unrealized exchange losses	-	1,061	-	1,061
Investment/R&D credit	-	12,236	-	12,236
	<u>\$ 35,469</u>	<u>\$ 14,226</u>	<u>(\$ 2,020)</u>	<u>\$ 47,675</u>
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gains	\$ 1,778	(\$ 1,778)	\$ -	\$ -
Financial assets at FVTPL	877	(352)	-	525
	<u>\$ 2,655</u>	<u>(\$ 2,130)</u>	<u>\$ -</u>	<u>\$ 525</u>

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 22,737	\$ 5,576	\$ -	\$ 28,313
Financial assets at FVTOCI	(8,370)	-	5,963	(2,407)
Provisions	(3,642)	7,331	-	3,689
Refund liabilities	4,698	(2,080)	-	2,618
Defined benefit pension plan	1,441	(2,203)	-	(762)
Property, plant, and equipment	1,363	-	-	1,363
Associate	3,503	(5,747)	-	(2,244)
Exchange differences on translating the financial statements of	<u>5,711</u>	<u>-</u>	<u>(812)</u>	<u>4,899</u>

foreign operations				
	27,441	2,877	5,151	35,469
Loss carryforwards	<u>53,846</u>	<u>(53,846)</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,287</u>	<u>(\$ 50,969)</u>	<u>\$ 5,151</u>	<u>\$ 35,469</u>
Deferred tax liabilities				
Unrealized foreign exchange gains	\$ 5,751	(\$ 3,973)	\$ -	\$ 1,778
Financial assets at FVTPL	<u>9,574</u>	<u>(8,697)</u>	<u>-</u>	<u>877</u>
	<u>\$ 15,325</u>	<u>(\$ 12,670)</u>	<u>\$ -</u>	<u>\$ 2,655</u>

(V.) Deductible temporary difference of deferred tax assets not recognized in the standalone balance sheet

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Deductible temporary difference		
Impairment losses, including loss allowance	<u>\$ 15,746</u>	<u>\$ 15,746</u>

(VI) Income tax assessments

The Company's profit-seeking enterprise income tax returns up to 2020 had been examined and approved by the tax authorities.

XXVI. Loss per share

		Unit: NT\$ Per Share
	<u>2023</u>	<u>2022</u>
Basic loss per share	<u>(\$ 0.44)</u>	<u>(\$ 0.60)</u>
Diluted loss per share	<u>(\$ 0.44)</u>	<u>(\$ 0.60)</u>

The loss and weighted average number of ordinary shares outstanding in calculating loss per share were as follows:

Net loss of the current year

	<u>2023</u>	<u>2022</u>
Net loss in the computation of diluted loss per share	<u>(\$131,954)</u>	<u>(\$181,505)</u>

Shares

		Unit: Thousand Shares
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	<u>300,621</u>	<u>300,621</u>

XXVII. Government grants

As of December 31, 2023, the Company has obtained a government loan of NT\$282,370 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditure and purchase of equipment. The loan will be repaid in installments over a period of five to seven years. The fair value of the loan is estimated to be NT\$278,233 thousand based on the market interest rate of 0.87% to 2.00% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of NT\$4,137 thousand as a government low-interest loan grant and recognized as unearned revenue. The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Other income recognized by the Company for 2023 and 2022 is NT\$971 thousand and NT\$816 thousand, respectively, and the loan interest expenses recognized are NT\$2,623 thousand and NT\$1,528 thousand, respectively.

If the Company fails to meet the requirements of the project loan regulations during the loan term and the National Development Fund has to stop the loan, and when the processing fee should be charged, the Company shall pay at the initial agreed interest rate plus the annual interest rate.

In addition, the Company has obtained a grant of NT\$3,894 under the Demonstration and Promotion Subsidy Program for the Energy Conservation Performance Guarantee Project and achieved the promised energy saving rate of 70% in July 2022 in the project proposal. The remaining grant of NT\$9,088 thousand was received. As of December 31, 2023, the Company has recognized the government grant of NT\$8,750 thousand in deferred income.

XXVIII. Partial disposal of investments in subsidiaries - no impact on control

In July 2023, the Company failed to subscribe for the subsidiary - Keeper Technology Co., Ltd. in proportion to its shareholding, resulting in a decrease in shareholding from 21.43% to 19.02%.

Since the transaction above did not change the control of the Company over the subsidiary, the Group treated it as an equity transaction. Please refer to Note 30 to the Company's 2023 consolidated financial statements for a description of part of its disposal of Keeper Technology Co., Ltd..

XXIX. Capital risk management

In accordance with the overall business environment and the Company's future development, the Company's capital structure is regularly reviewed by the main

management personnel in consideration of external competition, changes in the environment, and other factors. The review includes consideration for various types of capital costs and relevant risks to determine an appropriate capital structure of the Company. The purpose is to satisfy the Company's requirements for working capital, research and development expenses, and dividend expenditures in the future, while ensuring that the Company can continue to operate, give back to shareholders, and take into account the interests of other stakeholders, and maintaining the best capital structure to enhance shareholders' value on a long term.

The capital structure of the Company consists of net debt (borrowings less cash and cash equivalents) and equity of the Company (comprising share capital, capital surplus, retained earnings, and other equity items).

The Company is not subject to any externally imposed capital requirements.

The key management personnel of the Company reviews the capital structure annually. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Under the suggestions of the key management personnel, the Company may pay dividends, issue new shares, buy back shares, and issue new debts or repay old debts to balance the overall capital structure.

XXX. Financial instruments

(I) Fair value—financial instruments not at fair value

The carrying amount of the Company's financial assets and liabilities and lease payables measured at amortized cost was close to their fair value in the financial statements at the end of the financial reporting period.

(II) Fair value—financial instruments at fair value on a recurring basis

1. Degree of fair value measurements

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 18,368	\$ -	\$ -	\$ 18,368
Gold passbook	15	-	-	15
Total	<u>\$ 18,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,383</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic stocks listed on TWSE/TPEX and emerging stock markets	\$ 41,871	\$ -	\$ -	\$ 41,871
Domestic unlisted stocks	-	-	8,827	8,827
Total	<u>\$ 41,871</u>	<u>\$ -</u>	<u>\$ 8,827</u>	<u>\$ 50,698</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 24,233	\$ -	\$ -	\$ 24,233
Gold passbook	15	-	-	15
Total	<u>\$ 24,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,248</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic stocks listed on TWSE/TPEX and emerging stock markets	\$ 27,030	\$ -	\$ -	\$ 27,030
Domestic unlisted stocks	-	-	8,827	8,827
Total	<u>\$ 27,030</u>	<u>\$ -</u>	<u>\$ 8,827</u>	<u>\$ 35,857</u>
<u>Financial liability at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 344</u>

There were no transfers between Level 1 and Level 2 fair value in 2023 and 2022.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Class of financial instruments	Valuation technique and inputs
Derivatives - forward foreign exchange contracts	Discounted cash flow method: Future cash flows are estimated based on the observable forward exchange rates at the end of the period and the exchange rates and interest rates specified in the contract and discounted at a discount rate that can indicate each counterparty's credit risk.

3. Reconciliation of Level 3 fair value measurements of financial instruments

2023

Financial asset	Financial assets at FVTPL Equity instrument	Financial assets at FVTOCI Equity instrument
Opening and closing balance	\$ -	\$ 8,827

2022

Financial asset	Financial assets at FVTPL Equity instrument	Financial assets at FVTOCI Equity instrument
Opening balance	\$ 87,201	\$ 6,580
Purchase	-	2,247
Recognized in profit or loss (other gains or losses)	(87,201)	-
Closing balance	\$ -	\$ 8,827

4. Valuation techniques and inputs applied for Level 3 fair value measurement

Investments in domestic and foreign unlisted equity are estimated by the market approach based on the transaction price of comparable targets, and the difference between the evaluation target and the comparable target is considered to estimate the value of the target evaluated using an appropriate multiplier.

	December 31, 2023	March 31, 2022
Price-book ratio	3.51	4.09
Liquidity Discounts	30%	30%

(III) Categories of financial instruments

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
<u>Financial asset</u>		
Financial assets as at FVTPL		
Financial assets		
designated as at FVTPL	\$ 18,383	\$ 24,248
Financial assets at amortized		
cost (Note 1)	1,800,346	1,872,550
Financial assets at FVTOCI		
Investment in equity		
instruments	50,698	35,857
<u>Financial liability</u>		
Financial assets as at FVTPL		
Financial assets		
designated as at FVTPL	-	344
Amortized cost (Note 2)	1,100,381	1,117,488

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including from related parties), other receivables (including from related parties), and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including to related parties), other payables, current portion of long-term borrowings, unearned revenue, long-term borrowings, long-term deferred revenue, and guarantee deposits received.

(IV) Financial risk management objective and policies

The Company's main financial instruments include equity investment, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets, and supervises and manages the financial risks related to the Company's operations by analyzing internal risk reports based on the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid risk exposure to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Company's board of directors, which are

written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining working capital. Compliance with policies and exposure limits is being reviewed by the internal auditors continuously. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks for the Company's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below). The Company engages in various derivative financial instruments to manage foreign currency exchange rate risk, interest rate risk, and other price risks.

The Company's exposure to the market risk of financial instruments and its management and measurement methods for the risk exposure have remained unchanged.

(1) Exchange rate risk

The Company is engaged in sale and purchase transactions denominated in foreign currencies, which has caused the Company to be exposed to the risk of exchange rate fluctuations. Approximately 87.55% of the Company's sales are not denominated in the functional currency, and approximately 60.51% of the cost is not denominated in the functional currency. The Company's management of the exposure to the exchange rate risk is to use foreign currency options contracts to manage risks within the scope permitted by the policy.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, please refer to Note 34.

Sensitivity analysis

The Company was mainly affected by the fluctuations in the exchange rates of USD, JPY, and CNY.

The following table details the Company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity to a 1% change in New Taiwan dollars is used when reporting foreign currency risk

internally to key management personnel and also represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation, and the year-end translation was adjusted with a 1% change in the exchange rates. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the New Taiwan dollar appreciates by 1% against the relevant currencies; when the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	Impact of USD		Impact of JPY		Impact of CNY	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 4,808(i)	\$ 4,702(i)	(\$ 500)(ii)	(\$ 551)(ii)	\$ 1,892(iii)	\$ 1,562(iii)

- (i) Mainly derived from the Company's USD-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (ii) Mainly derived from the Company's JPY-denominated borrowings and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (iii) Mainly derived from the Company's CNY-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

Sales denominated in USD are seasonal, so the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure throughout the year.

(2) Interest rate risk

Because individual entities within the Company borrow funds at fixed and floating interest rates at the same time, the interest rate risk risks arise. The Company manages the interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

December 31, 2023

March 31, 2022

Fair value interest rate risk		
-Financial assets	\$780,000	\$503,524
-Financial liabilities	28,210	54,629
Cash flow interest rate risk		
-Financial assets	352,037	735,253
-Financial liabilities	523,682	558,675

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to the interest rate risk of derivatives and non-derivatives at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding at the balance sheet date is in outstanding throughout the reporting period. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 1% and all other variables remain unchanged, the Company's net income before tax for 2023 and 2022 would have decreased/increased by NT\$1,716 thousand and NT\$1,766 thousand, respectively, mainly due to the Company's borrowings with variable interest rates.

(3) Other price risk

The Company's exposure to the equity price risk is due to the investment in the listed equity securities. The management of the Company manages the risk by holding investment portfolios with different risk factors. The Company's equity price risk is mainly concentrated on Taiwan Stock Exchange's equity instruments in specific industries.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax for 2023 and 2022 would have increased/decreased by NT\$184

thousand and NT\$242 thousand due to the increase in the fair value of financial assets at FVTPL.

Other comprehensive income before tax for 2023 and 2022 would have increased/decreased by NT\$419 thousand and NT\$270 thousand due to changes in the fair value of financial assets at FVTOCI.

The Company's sensitivity to price risks decreased for the current year, mainly due to the decrease in the positions exposed to other price risks.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to perform an obligation and financial guarantees provided by the Company could arise from:

- (1) The carrying amount of the financial assets recognized in the standalone balance sheet.
- (2) The amount of contingent liabilities arising from the financial guarantee provided by the Company.

The policy adopted by the Company is to conduct transactions only with reputable counterparties, and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults. The Company only conducts transactions with companies whose ratings are equal to or higher than the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Company will refer to other publicly available financial information and mutual transaction records to rate its major customers. The Company continuously monitors credit risk and the credit rating of its counterparties, and distributes the total transaction amount to customers with qualified credit ratings, and controls the exposure to credit risk through the counterparty credit limits that are reviewed and approved by the financial management department every year.

In order to mitigate the credit risk, the management of the Company assigns a dedicated team responsible for the determination of credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions

have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. With that, the management believes the Company's credit risk has been significantly reduced.

The credit risk on liquid funds and derivatives is not high because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company's customer base is large and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of the bank financing facilities and ensures compliance with the terms of the borrowing terms.

Bank borrowings were an important source of liquidity for the Company. As of December 31, 2023 and 2022, for the Company's unutilized credit facilities, please refer to (2) below for description of financing facilities.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2023

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities		
Note payable and accounts payable	\$340,641	\$

Other payables (Note)	80,706	-
Floating interest rate instruments	177,075	346,607
Fixed interest rate instruments	28,210	-
lease liabilities	<u>4,689</u>	<u>104,776</u>
	<u>\$631,321</u>	<u>\$451,383</u>

Further information on the analysis of lease liabilities maturity is as follows (undiscounted total amount):

	Less than One Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
lease liabilities	<u>\$ 4,689</u>	<u>\$ 14,365</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 41,832</u>

March 31, 2022

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities		
Note payable and accounts payable	\$285,427	\$ -
Other payables (Note)	74,964	-
Floating interest rate instruments	136,255	422,420
Fixed interest rate instruments	54,629	-
lease liabilities	<u>4,362</u>	<u>107,904</u>
	<u>\$555,637</u>	<u>\$530,324</u>

Further information on the analysis of lease liabilities maturity is as follows (undiscounted total amount):

	Less than One Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 Years
lease liabilities	<u>\$ 4,362</u>	<u>\$ 14,255</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 45,070</u>

Note: The other payables mentioned above do not include salaries and bonuses payable, pensions payable, insurance premiums payable, directors' remuneration payable, and employee compensation payable.

The amount of floating interest rate instruments for the aforementioned non-derivative financial assets and liabilities will change

due to the difference between the floating interest rate and the interest rate estimated at the balance sheet date.

The financial guarantee contract amount above is the maximum amount that the Company may have to pay to fulfill the guarantee obligation if the holder of the financial guarantee contract asks the guarantor to pay for the full guarantee amount. However, based on the expectations at the balance sheet date, the Company believes that it is unlikely that such contract payments will be paid.

(2) Financing facilities

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Unsecured bank borrowings facility (review every year)		
- Amount used	\$ 38,460	\$ 71,029
- Amount unused	<u>965,065</u>	<u>932,521</u>
	<u>\$ 1,003,525</u>	<u>\$ 1,003,550</u>
Secured bank borrowings facility		
- Amount used	\$ 515,122	\$ 543,882
- Amount unused	<u>534,878</u>	<u>506,118</u>
	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>

XXXI. Related party transactions

Details of transactions between the Company and related parties are as follows.

(I) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Long Benefit Investment Co., Ltd. (Long Benefit)	Subsidiary
TEK Holding Co., Ltd. (TEK)	Subsidiary
Keeper Technology Co. Ltd. (Keeper Technology)	Subsidiary
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. (Yuanmao)	Sub-subsidiary
<u>Associate</u>	
Coretech Optical Co., Ltd.	Associate by investment using the equity method
Hsinjing Holding Co., Ltd.	Associate by investment using the equity method
<u>Substantive related party</u>	
Epistar Corporation	Its parent company is a director of the Company.
Lextar Electronics Corporation	Its parent company is a director of the Company.

Prolight Opto Technology Corporation	Its parent company is a director of the Company.
best Epitaxy Manufacturing Co. Ltd.	The parent company is a director of the Company (was a related party until June 2023)
Lextar Electronics (Chuzhou) Corp.	Its parent company is a director of the Company.
iReach Corporation	The parent company is a director of the Company (was a related party until June 2023)
Unikorn Semiconductor Corp.	Its parent company is a director of the Company.

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Related Party Name	Related Party Category
Lee, Biing-Jye	Key management (related parties before December 27, 2023)
Raymond Sheu	Key management personnel
Wen-Hu Wang	Key management personnel

(II) Operating income

Line Item	Category of related party/Name	2023	2022
Sale	Sub-subsidiary	\$ 8	\$ 5,570
	Substantive related party		
	Lextar Electronics Corporation	138,752	121,205
	Lextar Electronics (Chuzhou) Corp.	22,643	15,851
	Others	<u>2,469</u>	<u>2,461</u>
		<u>\$ 163,872</u>	<u>\$ 145,087</u>

The selling prices to related parties are equivalent to those to ordinary customers, and the payment terms are implemented in accordance with the Company's payment policy.

(III) Purchase

Category of related party/Name	2023	2022
Substantive related party		
Epistar Corporation	\$ 38,258	\$ 15,990
best Epitaxy Manufacturing Co. Ltd.	<u>54</u>	<u>112</u>
	<u>\$ 38,312</u>	<u>\$ 16,102</u>

The purchase prices from related parties are equivalent to those to ordinary clients, and the purchase terms are implemented in accordance with the Company's policy.

(IV) Receivables from related parties

Line Item	Category of related party/Name	December 31, 2023	March 31, 2022
Accounts receivable - related parties	Sub-subsidiary	\$ 96	\$ 15
	Substantive related party		
	Lextar Electronics Corporation	30,251	27,277

	Lextar Electronics (Chuzhou) Corp.	7,873	6,926
	Others	<u>1,001</u>	<u>1,078</u>
		39,221	35,296
Other receivables - related parties	Subsidiary	<u>8,016</u>	<u>8,014</u>
		<u>\$ 47,237</u>	<u>\$ 43,310</u>

The sales between the Company and the related parties are processed per the terms and prices agreed upon by both parties and the payment terms are 90 to 120 days after the end of each month. No guarantee is received for the accounts receivable from related parties still outstanding. No loss allowance was provided for accounts receivable from related parties in 2023 and 2022.

(V) Payables to related parties (excluding loans from related parties)

Line Item	Category of related party/Name	December 31, 2023	March 31, 2022
Accounts payable - related parties	Substantive related party		
	Epistar Corporation best Epitaxy Manufacturing Co. Ltd.	\$ 7,560	\$ 1,692
		<u>-</u>	<u>13</u>
		<u>\$ 7,560</u>	<u>\$ 1,705</u>
Other receivables - related parties	Sub-subsidiary	\$ 14,856	\$ 11,779
	Substantive related party		
	Epistar Corporation	<u>-</u>	<u>37</u>
		<u>\$ 14,856</u>	<u>\$ 11,816</u>

The Company's purchase price from and processing contracted to related parties are handled in accordance with the general purchase terms; the payment period to related parties and non-related parties is decided per the conditions agreed upon by both parties.

No guarantee is provided for the balance of the outstanding accounts payable to related parties.

(VI) Loans to related parties

Category of related party/Name	December 31, 2023	March 31, 2022
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<u>Other receivables</u>		
Subsidiary		
Keeper Technology	<u>\$ 8,000</u>	<u>\$ 8,000</u>
<u>Category of related party</u>	<u>2023</u>	<u>2022</u>
<u>Interest income</u>		
Subsidiary	<u>\$ 178</u>	<u>\$ 168</u>

The Company provides loans to subsidiaries, at interest rates similar to the market interest rates. As of December 31, 2023 and 2022, there had been interest uncollected for the amount of NT\$16 thousand and NT\$14 thousand, accounted for under other receivables.

(VII) Other income

<u>Line Item</u>	<u>Category of related party/Name</u>	<u>2023</u>	<u>2022</u>
Rent income	Subsidiary		
	Long Benefit	<u>\$ 34</u>	<u>\$ 34</u>
Other income	Sub-subsidiary	<u>\$ 21</u>	<u>\$ 10</u>

(VIII) Contract processing

The processing fees to the Company's sub-subsidiary Yuanmao contracted to process products for the Company in 2023 and 2022 were NT\$83,552 thousand and NT\$109,461 thousand, respectively. As of December 31, 2023 and 2022, the outstanding balance was NT\$14,856 thousand and NT\$11,779 thousand, respectively, accounted for under the processing expense payable.

The pricing of the contract processing expenses is not able to be compared with other manufacturers' OEM prices and conditions because the Company did not commission other manufacturers for contract processing.

(IX) Transactions with other related parties

<u>Line Item</u>	<u>Category of related party/Name</u>	<u>2023</u>	<u>2022</u>
Operating expenses - miscellaneous expenses	Substantive related party		
	Epistar Corporation	\$ 88	\$ 467
	best Epitaxy Manufacturing Co. Ltd.	38	-
	Unikorn Semiconductor Corp.	<u>-</u>	<u>197</u>

\$ 126 \$ 664

(X) Compensation of key management personnel

The total compensation of directors and other key management personnel is as follows:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 19,325	\$ 21,593
Post-employment benefits	<u>452</u>	<u>526</u>
	<u>\$ 19,777</u>	<u>\$ 22,119</u>

The remuneration of directors and other key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

XXXII. Pledged Assets

The following assets have been provided as collateral for financing loans and security for tariff of imported raw materials:

	<u>December 31, 2023</u>	<u>March 31, 2022</u>
Restricted time deposits (accounted for in financial assets at amortized cost)	\$ 6,239	\$ 6,665
Land	62,273	62,273
Buildings	<u>612,310</u>	<u>631,796</u>
	<u>\$680,822</u>	<u>\$700,734</u>

XXXIII. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the Company's significant commitments as of the balance sheet date are as follows:

- (I) As of December 31, 2023 and 2022, the amount of unused letters of credit issued by the Company for imported raw materials and machinery and equipment was equivalent to NT\$5,603 thousand and NT\$10,006 thousand, respectively.
- (II) As of December 31, 2023, the total price of the uncompleted important equipment and engineering procurement contracts of the Company was equivalent to NT\$208,104 thousand, of which NT\$86,398 thousand had been paid, which was recognized in prepayments for equipment and unfinished construction and the remaining NT\$121,706 thousand had not been paid.

XXXIV. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated in foreign currencies other than the Company's functional currency. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 15,982	30.71	\$ 490,727
JPY	128	0.22	28
CNY	47,826	4.33	206,943
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	323	30.71	9,918
JPY	230,266	0.22	50,014
CNY	4,108	4.33	17,777

March 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 15,585	30.71	\$ 478,615
JPY	1,095	0.23	254
CNY	38,120	4.41	168,033

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Foreign currency liabilities	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 275	30.71	\$ 8,445
JPY	237,979	0.23	55,306
CNY	2,686	4.41	11,840
EUR	161	32.72	5,268

The (unrealized) gains and losses on foreign currency exchange with a material impact are as follows:

Foreign currency	2023		2022	
	Exchange rate	Net Foreign Exchange Gain (Loss)	Exchange rate	Net Foreign Exchange Gain (Loss)
USD	30.71 (USD:NTD)	(\$ 8,782)	30.71 (USD:NTD)	\$ 10,658
Japanese Yen (JPY)	0.22 (JPY:NTD)	2,436	0.23 (JPY:NTD)	(5,078)
CNY	4.33 (CNY:NTD)	673	4.41 (CNY:NTD)	3,205
Others		365		104
		(\$ 5,308)		\$ 8,889

XXXV. Additional Disclosures

(I) Information on significant transactions and (II) investees:

1. Financing provided to others: (Table 1)
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investment in subsidiaries, associates, and jointly controlled entities): Table 2.
4. Marketable securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital: none.
5. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.
6. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
9. Trading in derivative instruments: Note 7.
10. Information on investees: Table 3.

- (III) Information on investments in Mainland China:
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit or loss and investment gains and losses recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4.
 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gains or losses: Table 5.
 - (1) The amount and percentage of purchase.
 - (2) The amount and percentage of sales.
- (IV) Information on major shareholders: list of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 6.

TYNTEK Corporation
Financing provided to others
January 1 to December 31, 2023

Table 1

Unit: NTD thousand

Serial No.	Lender	Borrower	Financial Statement Account	Related Party Status	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate (Note 3)	Category of Financing Provided	Business Transaction Amounts	Reasons for Necessity of Short-term Financing	Loss Allowance	Collateral		Limit of Financing to Individual Borrower (Note 1)	Total Limit of Financing Provided (Note 2)	Remarks
													Name	Value			
0	TYNTEK Corporation	Keeper Technology	Other receivables - related parties	Yes	\$ 20,000	\$ 10,000	\$ 8,000	2.155%~2.380%	Need for short-term financing	\$ -	Bank loan repayment and purchase of equipment	\$ -	—	\$ -	\$ 383,845	\$ 767,689	

Note 1: TYNTEK Corporation's limit of financing to individual borrowers does not exceed 10% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 2: TYNTEK Corporation's total limit of financing to borrowers does not exceed 20% of the net value stated in the most recent financial statements reviewed/audited by CPAs.

Note 3: TYNTEK Corporation's interest rate ranges of financing to others are based on the borrowing interest rate of financial institutions plus 5%.

TYNTEK Corporation
Marketable Securities Held at the End of Year
December 31, 2023

Table 2

Unit: in thousand of New Taiwan Dollars/Thousand Units/Thousand Shares

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Remarks
				Number of Shares/Units	Carrying amount	Percentage of Ownership	Market price	
TYNTEK Corporation	Unity Opto/stock/common stock	None	Financial assets at FVTPL - Current	264	\$ -	-	\$ -	Note 1
	First Commercial Bank/gold passbook	None	Financial assets at FVTPL - Current	-	15	-	15	
	Fittech Co., Ltd./stock/common stock	Investee with 0.37% of shares held	Financial assets at FVTPL - Current	275	18,368	0.37	18,368	
	Fujian Zhaoyuan Photoelectric Co., Ltd.	Investee with 4.28% of shares held	Financial assets at FVTPL - Non-current	-	-	4.28	-	
	Unity Opto/stock/common stock	None	Financial assets at FVTOCI - current	836	-	-	-	Note 1
	Chipwell Tech Corporation/stock/common stock	Investee with 1.84% of shares held	Financial assets at FVTOCI - non-current	494	8,827	1.84	8,827	
	Brightek Optoelectronic Co., Ltd./stock/common stock	Investee with 1.5% of shares held	Financial assets at FVTOCI - non-current	1,020	41,871	1.50	41,871	
Long Benefit Investment Co., Ltd.	Hanpin Electron Co., Ltd./stock/common stock	None	Financial assets at FVTPL - Current	220	8,789	-	8,789	
	Elite Advanced Laser Corporation/stock/common stock	None	Financial assets at FVTPL - Current	70	4,361	-	4,361	
	Fittech Co., Ltd./stock/common stock	Investee with 2.37% of shares held	Financial assets at FVTPL - Current	1,740	116,062	2.37	116,062	
	Chipwell Tech Corporation/stock/common stock	Investee with 0.76% of shares held	Financial assets at FVTOCI - non-current	204	4,322	0.76	4,322	
	Chipstar Tech Corporation/stock/common stock	Investee with 10.95% of shares held	Financial assets at FVTOCI - non-current	698	6,307	10.95	6,307	

Note 1: Because the public company Unity Opto Technology co., Ltd. (hereinafter referred to as Unity Opto) failed to publish its financial statements for 2019 Q4 prior to a deadline as required by law, its stock stopped to be traded starting from April 7, 2020 as instructed by the Taiwan Stock Exchange on April 1, 2020. After prudent evaluation, the Company recognized all shares of Unity Opto held as financial asset valuation losses.

Note 2: Refer to Table 3 for the information on subsidiaries and associates.

TYNTEK Corporation
Information on Investees
January 1 to December 31, 2023

Table 3

Unit: In thousand of New Taiwan Dollars/Thousand Shares

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2020			Gains (losses) on investee	Gains (losses) on investment recognized by the Company	Remarks
				March 31, 2021	March 31, 2020	Shares	Percentage (%)	Carrying amount			
TYNTEK Corporation	TEK Holding Co., Ltd.	3RD FLOOR, YAMRAJ BUILDING, MARKET SQUARE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	Investment in various overseas businesses	\$ 258,290	\$ 258,290	6,700	100	\$ 241,990	(\$ 20,940)	(\$ 20,940)	
	Long Benefit Investment Co., Ltd.	No. 1387, Renai Road, Zhunan Township, Miaoli County	General investment	185,000	185,000	28,749	100	259,218	(27,632)	(27,632)	
	Hsinjing Holding Co., Ltd.	3F-1, No. 193, Fuxing 2nd Road, Zhubei City, Hsinchu County	General investment	591,378	591,378	17,794	22.79	160,826	(20,724)	(5,242)	
	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	5,000	5,000	200	2.08	2,369	13,853	288	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	30,000	30,000	2,033	19.02	18,003	(10,981)	(2,494)	
TEK Holding Co., Ltd.	Keyway International L.L.C.	3500 South Dupont Highway, Dover, Delaware 19901, U.S.A.	Investment in various overseas businesses	258,768	258,768	-	100	239,096	(20,947)	(20,947)	
Long Benefit Investment Co., Ltd.	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	25,228	25,228	2,000	20.81	23,703	13,853	2,883	

	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	48,977	48,977	3,871	36.21	34,272	(10,981)	(4,746)	
Keeper Technology	Global Unity Int'l Co., Ltd.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investment in various overseas businesses	32,376	32,376	1,000	100	-	337	337	
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road. Apia Samoa	Investment in various overseas businesses	32,376	32,376	1,000	100	-	337	337	

TYNTEK Corporation
Information on investments in Mainland China
January 1 to December 31, 2023

Table 4

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

I. Information on investments in Mainland China

(I) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, gains or losses on investment, carrying amount of the investment and repatriations of investment income:

Name of Investee	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment Flows		Accumulated Investment Amount from Taiwan at End of Period	% Ownership of Direct or Indirect Investment	Gains (losses) on Investment	Carrying Amount of Investments at End of Period	The Repatriated Proceeds of Investments as of This Period
					Outward	Inward					
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	\$ 258,290 (US\$ 6,700,000)	Investment in China via a company set up in a third region	\$ 258,290 (US\$ 6,700,000)	\$ -	\$ -	\$ 258,290 (US\$ 6,700,000)	100%	(\$ 20,948)	\$ 239,076	\$ -
Fujian Zhaoyuan Photoelectric Co., Ltd.	Other light-emitting diode production and sales business	6,692,823 (CNY 1,437,000,000)	Direct investment in companies in China	468,652 (US\$8,565,000 and CNY 45,890 thousand)	-	-	468,652 (US\$8,565,000 and CNY45,890 thousand)	4.28% (Note 1)	-	-	-
Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing	-	Investment in China via a company set up in a third region	32,376 (US\$ 1,000,000)	-	-	-	(Note 2)	-	-	-

Note 1: The Company failed to subscribe to shares arising from capital increase in the proportion of the ownership and disposed of a portion of its investment equity in the company in June 2018 and thus lost significant influence. Therefore, it was reclassified as financial assets measured at FVTPL.

Note 2: The liquidation of Kaishin Technology (Wuhan) Corporation was completed in February 2023.

(II) Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment Amount Stipulated by Investment Commission, MOEA
\$742,324 (USD 15,749 thousand and CNY 45,890 thousand)	\$742,370 (USD 23,042 thousand)	\$2,303,068

TYNTEK Corporation

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly Through a Third Party and Their Prices, Payment Terms, Unrealized Gains Or Losses and Relevant Information
January 1 to December 31, 2023

Table 5

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

Name of Investee	Transaction Type	Amount	Transaction Terms			Accounts Receivable (Payable)		Unrealized Gains or Losses
			Price	Payment Term	Comparison with General Transaction	Balance	Percentage	
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Contract processing	\$ 83,552 (Processing expense)	Price negotiation	T/T	O/A with net 120 days	Processing expense payable \$ 14,856	7.53%	\$ -

TYNTEK Corporation
Information on main investors
December 31, 2023

Table 6

Name of major shareholder	Shares	
	Shares held (shares)	Shares Ratio
Ennostar Inc.	23,799,000	7.91%

Note: The information on major shareholders in this table is calculated by Taiwan Depository and Clearing Corporation on the last business day at the end of the quarter when the shareholders as a whole hold at least 5% of the ordinary shares and preference shares with the dematerialized registration and delivery (including treasury shares) completed. The share capital in the Company's consolidated financial statements and the actual number of shares with the dematerialized registration and delivery completed may differ due to different calculation bases.

TYNTEK Corporation

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Publication Date: May 10, 2024